

The Hon'ble MR. STEPHEN believed that occasion would very seldom arise for the sitting of the Special Court to be constituted under the Act. If there was a difference of opinion between the Judges of the Special Court, a reference would be made to the High Court at Calcutta. There had been a great deal of discussion about the details of this Bill, and although there seemed to be much complication in its provisions, he thought that the Bill was really simpler than was supposed, and that his hon'ble friends regarded it as complicated because they had a lively recollection of the trouble they had to take about settling its details.

The Motion was put and agreed to.

The Hon'ble MR. STEPHEN then moved that the Bill as amended be passed.

The Motion was put and agreed to.

EXTRADITION BILL.

The Hon'ble MR. STEPHEN also presented the Report of the Select Committee on the Bill to consolidate and amend the law relating to offences committed in Foreign States.

REGULATIONS AND ACTS LOCAL EXTENT BILL.

The Hon'ble MR. STEPHEN also presented the Report of the Select Committee on the Bill to consolidate and amend the law relating to the local extent of the General Regulations and Acts and to the local limits of the jurisdictions of the High Courts and the Chief Controlling Revenue Authorities.

In presenting this Report, he wished to say a word or two on the subject. The Bill was introduced a considerable time—as much as two years—ago. Its object was to consolidate into one Act of about ten sections 69 Acts and Regulations, which had been enacted for the purpose of exempting particular districts from the operation of the general laws and Regulations. The Bill formed a very important part in the general scheme for consolidating the Acts and Regulations, which was now nearly completed, and which this Bill and other Bills before the Council would complete. In its original shape the Bill was exceedingly intricate, and it had a number of schedules annexed to it, which required to be fully studied. Several communications had been received on the subject of this Bill, and in referring to them he felt bound to observe that some persons seemed rather to forget themselves as to the language which they employed in addressing the Government. He thought that the Government of India in the Legislative Department ought to be treated with respect, especially when it was engaged in about the driest, most difficult, and intricate business it was possible to conceive. Any one who knew the trouble of going through the legislation of sixty or seventy years to ascertain what portions were superfluous and what portions were not superfluous, would have evinced a little more indulgence than was shown in several of the communications that had been received. He admitted that the Bill was intricate, and the Legislative Department accepted the reproof that had been administered to it. He thought, however, that the Bill as now framed was perfectly simple, and when read with the aid of the Select Committee's Report, would, he believed, be found perfectly clear, and would enable people to see at a glance what otherwise they would have to search through several thick volumes to ascertain. He spoke of this Bill more particularly, because it was one of the many extremely useful measures initiated and brought forward by his hon'ble friend, Mr. Cockerell. He devoted very great labour and industry to the task of putting these measures into a simple and convenient shape, and spared no amount of exertion in doing so. He was glad to have the opportunity of saying that he thought the public at large were greatly indebted to his hon'ble friend for the results of his careful and arduous devotion, during four years, to the scheme of consolidation. There might be

mistakes, such as were perhaps unavoidable in a complicated work of this kind, but MR. STEPHEN thought that, on the whole, the result of his hon'ble friend's exertions had been exceedingly satisfactory. The Report of the Select Committee would enable the Local Governments to see what had been done, and MR. STEPHEN hoped that, after a reasonable time, when the opinions of the local authorities had been received, the Bill would be passed into law.

LAND REVENUE (N. W. P.) BILL.

The Hon'ble MR. STEPHEN also introduced the Bill to consolidate and amend the law relating to land-revenue in the North-Western Provinces of Bengal. He said that this Bill also had been drawn by his hon'ble friend, Mr. Cockerell. It consolidated into one, as he hoped perspicuous, Act no less than thirty-seven Regulations and four Acts, in which the law on this subject was now contained. The whole matter was disposed of in 102 sections. This subject in its present form was so intricate, if he could judge from his own experience in the matter of the Panjáb Land Revenue Act, that no officer ever learnt his business from the law itself. All officers were compelled to learn it by practice, though its inherent difficulty was by no means great. The land-revenue system of the North-Western Provinces was founded on Regulation VII of 1822. It had been amended and supplemented and re-amended, until it was necessary to go through thirty-seven Regulations and four Acts, scattered over the Statute-book, in order to ascertain what the law on the subject was. He had had occasion to speak of this intricacy more than once when introducing the Bill for regulating the land-revenue system of the Panjáb. He need not now repeat what he had then said; he would confine himself to one or two observations for the special consideration of the Government of the North-Western Provinces, and of His Honour the Lieutenant-Governor of Bengal. The Bill would extend to those parts of the Lower Provinces which were not subject to the Permanent Settlement. He had on a former occasion suggested for the consideration of His Honour, whether it would be best to pass this Bill for the North-Western Provinces only, or whether those parts of the Lower Provinces which were not subject to the Permanent Settlement should be included within its scope. That was a point upon which His Honour and his advisers would, perhaps, while the Bill was under consideration, form an opinion which would no doubt be acted upon.

The Bill, as at present drawn, was simply a consolidation, with very few alterations, of the existing law. There were some points in which the system of land-revenue administration in the North-Western Provinces differed from that in the Panjáb. It appeared to MR. STEPHEN that it would be well to consider whether certain matters inserted in the Panjáb Land Revenue Act should not be introduced into this Bill. Various provisions were introduced into the former on 'the strength of statements made by the Panjáb officers as to the way in which they conducted settlement proceedings and the view which they took of the law. It was impossible to read Regulation VII of 1822 without seeing that various matters not contained in it were inserted in the Panjáb Act, and that it was desirable that they should be inserted. There were two points in particular to which MR. STEPHEN wished to draw attention. One was that Regulation VII of 1822 was completely silent as to the effect of the record of rights; it did not even state whether it was admissible in evidence, which, however, it would be under the Evidence Act. Another was that the Regulation, which was drawn up with a view to the settlement operations under Lord Hastings' Government in 1822, did not provide specifically for re-settlements; accordingly, there was nothing in the Regulation to show how far the record of rights of a preceding settlement was to be regarded as conclusive, or how far it might be revised on re-settlements. That matter was provided for, after a great deal of consideration and discussion, in the Panjáb Act, and he would suggest that it should be provided for in this Bill also. He alluded to the subject now, as the Bill, as it was drawn, merely reproduced the existing law.

Another matter of some moment required notice. There was no provision in the present Bill or in the Regulations which it would supersede as to the form which the record of rights was to take. In the Panjáb Act a form was provided. Section 14 of that Act contained such a provision taken from the *Directions to Settlement Officers* drawn up by Mr. Thomason, and which had been universally acted upon. There were some other matters with which Mr. STEPHEN had no doubt his hon'ble friend, Mr. Inglis, was well acquainted, and upon which the Government of the North-Western Provinces was a better authority than Mr. STEPHEN could possibly be. He might specially notice what were called revenue cases and revenue appeals. As he understood the matter, a person might appeal from the decision of a settlement officer, through all the stages, up to the Board of Revenue; and a suit might then be instituted in the Civil Court, which might be carried in appeal from the decision of the Munsif to the Privy Council. He did not pretend to say how that matter should be dealt with. It was a question which the Government of the North-Western Provinces would no doubt consider, and one upon which they were better qualified to deliver an authoritative opinion than he could possibly be. On that point, also, there had been much discussion in connection with the Panjáb Act; and he thought some of its provisions on this point might be taken into consideration by the Government of the North-Western Provinces. Of course, the great difference between the land-revenue system of the North-Western Provinces and the land-revenue system of the Panjáb was, that the Panjáb settlement officers almost uniformly had judicial powers. The consequence was that their decisions were in most cases judicial decisions, and bound the parties in the same manner as other judicial decisions. That was not the case in the North-Western Provinces. He thought that, if that distinction was kept in mind, there would be no difficulty in adapting the provisions of the Panjáb Act to the circumstances of the North-Western Provinces. He (MR. STEPHEN) wished to observe in reference to this, that the Panjáb Act had been settled in consultation with experienced men who had served in both those provinces—His Honour the Lieutenant-Governor of the North-Western Provinces, Sir Richard Temple, and Mr. Egerton, the Financial Commissioner of the Panjáb.

When this Bill, the Local Extent Bill and one or two others introduced by his hon'ble friend, Mr. Cockerell, were passed, there would remain in the Bengal Code, unrepealed, only about thirty Regulations, which, for one reason or other, it was undesirable to touch. The Government of India would then be able to comply with the direction contained in the Statute 37 Geo. III, c. 142, s. 8, that the Regulations "should be formed into a regular Code." Hitherto, the Government had unfortunately been able to do but little towards that object; but as, after the passing of the few Bills alluded to, the Regulations would be pretty well disposed of, the useless parts being repealed and the useful parts re-enacted in a simple form, that direction could be carried out by issuing an authorized edition of the surviving Regulations, which would be contained in a very thin volume indeed.

HIGH COURTS CRIMINAL PROCEDURE BILL.

The Hon'ble MR. STEPHEN, in moving for leave to introduce a Bill to regulate the procedure of the High Courts in the exercise of their original criminal jurisdiction, said that in the Preliminary Report of the Select Committee on the Criminal Procedure Bill, presented some weeks ago, the Committee expressed their opinion that it was desirable that the criminal procedure of the High Courts should be regulated by the same law as that which applied to the other Criminal Courts of the country. In that opinion MR. STEPHEN entirely agreed. He thought it was clearly desirable that the procedure of the High and other Courts should be as much as possible the same. The Committee did not, however, introduce into the Code of Criminal Procedure the requisite provisions on this subject, because it would be necessary to obtain the opinions of the Judges of the High Courts and other authorities

before carrying out so important an amendment of the law. That would perhaps have led to considerable discussion and have indefinitely delayed the passing of the Code, on the revision and settlement of which great labour had been expended. The Committee accordingly recommended that the subject should be separately dealt with; and MR. STEPHEN hoped, before the Council broke up its sittings here, to introduce a Bill which would put that matter on a sound foundation. The procedure of the High Courts was regulated according to their respective charters; and although, at the time when the High Courts were established, the English criminal procedure was probably superior to anything obtaining in the Courts in India, the pains since taken to improve the criminal procedure of the Mofussil Courts had resulted in a better system being introduced into the Mofussil than that which was in force in the Presidency towns. It appeared to him that, in the present Mofussil procedure, there was this advantage, that it began at the beginning and went straight through to the end. With regard to the English procedure, which prevailed in the High Court, it was quite impossible to say where it began or what it was. To understand and become acquainted with the system, it was necessary to study many English text-books; to learn the most elaborate rules about indictments—how they were shaped; whether a particular form applied to a particular case; whether particular Acts of Parliament relating to indictments applied to India—and when this study was completed, the labour bestowed upon it would most likely prove to be useless. There was an unnecessary air of mystery and solemnity about the procedure of the High Courts, which it was desirable to remove. He thought that they ought to proceed in the same manner as the other Courts, and differ from them, not in having a strange language and strange rules, but by having better Judges and better lawyers to practise before them. The opportunity should be taken to regulate what was called the Crown practice of the Courts, their practice, that is, in issuing prerogative writs, such as the writ of "*Habeas Corpus*," the writ of "*mandamus*," and the like. There was much needless intricacy about these writs. Only the other day there was an application for a writ of *mandamus* to issue against the Justices of the Peace for Calcutta. It was astonishing to see how many intricate and difficult questions were raised on that application. There was a question whether a Statute of the 9th of Anne would apply; then whether a Statute of William IV would apply; and if that did not apply, whether the truth of the return could be denied; and if not, whether an action could be brought against a man who made a false return, and so on. In this way the Judge and Barristers wrangled together for a couple of days, to the great waste of public time and money, about matters of absolutely no importance at all. All that would be done away with by a very few words put into a simple and rational form.

His Honour the LIEUTENANT-GOVERNOR would only say that the Council were very well aware that the country was under great obligations to the hon'ble and learned member, and that he would very greatly add to those obligations by leaving us, as a legacy, a Bill to carry out the great object which he had just explained to the Council. HIS HONOUR would express his entire concurrence in the observations which had been made by his hon'ble and learned friend.

The Motion was put and agreed to.

The Council adjourned to Saturday, the 6th April 1872.

CALCUTTA,
The 2nd April 1872.

H. S. CUNNINGHAM,
Offg. Secy. to the Council of the Govr. Genl.
for making Laws and Regulations.

IRRIGATION OPERATIONS OF FUSL RUBBEE IN THE N.-W. PROVINCES UP TO 30TH NOVEMBER, 1871.

NAVIGATION RETURN, GANGES CANAL.										LAND IRRIGATED (APPROXIMATE).		RAIN-FALL.		REMARKS.		
WATER DISTRIBUTED DURING THE MONTH.		PRINCIPAL ITEMS OF TRAFFIC.						ZILLAH.		Average of ten previous years for the same period.						
DEPTH IN CANAL (GROSS CONSUMPTION, AT REGG. LATING GAUGE.		NATURE OF TRAFFIC.		Up.		Down.		TOTAL UP AND DOWN.		ACRES.	Total from 1st to 30th November 1871.	Average of ten previous years for the same period.				
Full Supply, feet.	Actual through-out, feet.	Estimated full Discharge.	Actual Average throughout.	Mds.	No.	Mds.	No.	Mds.	No.							
GANGES CANAL.	Northern	10-00	710	380	Grains—	2,694	...	2,694	...	Saharunpore	10,355	...	07	GANGES CANAL.—Mean volume of water passing Solanes aqueduct ... 4,468 emb. ft. Volumes discharged— Kiawah Branch, Tail ... 30 per sec. " " Escapes ... 101 Cawnpore " Tail ... 201 " " Escapes ... 169 491 Balance expended ... 3,997 Demands in the Northern Division had only commenced towards the close of the month; but in the Central and Lower Divisions they were considerable. EASTERN JUMNA CANAL.—Demands throughout the month were fair for watering for sowings of Sugar-cane and 1st waterings of other crops. DOON CANALS.—In the commencement of the month demands were moderate, but improved later in the month. TRAFFIC.—There was a very considerable increase in the "Down" traffic over the corresponding period of last Rubbee. The increase is due chiefly to timber, cotton, salt, and miscellaneous goods. There is a falling-off in grain and metals.		
	Meerut	8-10	1,037	796	Gram	75	...	...	360	...	Moozuffernuggur	41,631	...		06	
	Futtehghurh	6-80	667	379	Moong	...	...	...	714	...	Meerut	83,891	...		06	
	Boondshuhur...	6-35	933	717	Wheat	...	...	...	50	...	Boondshuhur	13,166	...		03	
	Allyghurh	5-60	1,053	536	Bhaghur	...	...	...	125	...	Allyghurh	9,246	...		...	
	Etawah	4-80	771	685	Urhar	...	...	...	360	...	Muttra	773	...		...	
	Cawnpore	6-20	958	504	Barley	...	...	...	175	...	Agra	44	...		...	
	TOTAL	...	6,129	3,997	Paddy	...	...	...	4,478	...	Elah	3,388	...		...	
					TOTAL	2,769	...	1,709	...	21,519	...	Mynpoory	3,254		...	...
						...	...	...	46	...	Futtehghurh	2,111	...		...	
GANGES CANAL.	Eastern	...	...	1,048	Cotton	...	...	21,519	...	Etawah	4,770	...	...	EASTERN JUMNA CANAL.—Demands throughout the month were fair for watering for sowings of Sugar-cane and 1st waterings of other crops. DOON CANALS.—In the commencement of the month demands were moderate, but improved later in the month. TRAFFIC.—There was a very considerable increase in the "Down" traffic over the corresponding period of last Rubbee. The increase is due chiefly to timber, cotton, salt, and miscellaneous goods. There is a falling-off in grain and metals.		
	Canal	...	...	...	Oil-seeds	...	...	2,543	...	Cawnpore	6,611	...	...			
	Doon Canals	...	...	78	Salts	...	...	413	...	Dehra Doon	2,740	...	1			
	BundelkhandIrrigation Works	...	...	...	Metals	...	...	1,505	...	Bijnour	...	...	07			
	Rohilkhand Canals	...	...	...	Building Materials	...	...	9,003	...	Tera	666	...	...			
		...	...	...	Miscel. Goods	...	...	7,934	...	Barcilly	3,595	...	...			
		...	...	...	Firewood	...	...	...	...	Jhamsie	668	...	...			
		...	...	...	Bamboos	...	...	...	...	Humeerpore	492	...	...			
		...	...	...	Tors, or unsquared Timber	...	...	...	...	TOTAL	167,401	...	...			
		...	...	...	Kurrees or squared Timber	...	...	...	...	Rubbee of 1870-71, to 30th Nov. 1870	103,542	...	...			
GANGES CANAL.		...	...	...	Legs	...	...	...	20,769	...	Increase	53,859	...	...		
		...	...	...	Miscel. Timber	...	...	...	276	...			...	...		
GANGES CANAL.		...	...	...	Live Stock	...	...	...	637	...			...	...		
		...	...	...	GRAND TOTAL	6,930	389	44,672	150,063	51,602	150,452			...	...	
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GANGES CANAL.		...	...	...		...	...	...	...	...	...			...	...	
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GANGES CANAL.		...	...	...		...	...	...	...	...	...			...		

ALLAHABAD, }
 The 22nd December 1871. }
 P. S. MARINDIN, Capt., R. E.,
 Asst. Secy. to Govt., N.-W. P., Irrigation Branch.

IRRIGATION OPERATIONS OF FUSL RUBBEE IN THE N. W. PROVINCES UP TO 31ST DECEMBER 1871.

WATER DISTRIBUTED DURING DECEMBER 1871.				NAVIGATION RETURN, GANGES CANAL.				LAND IRRIGATED (APPROXIMATE).				REMARKS.				
DEPTH IN CANAL AT REGULATING GAUGE.		GROSS CONSUMPTION, CUBIC FEET, PER SECOND.		PRINCIPAL ITEMS OF TRAFFIC.				ZILLAH.	Acres.	Total from 1st No. to 31st December 1871.	Average of ten previous years for the same period.					
Full supply.	Actual throughout.	Estimated full.	Actual throughout.	NATURE OF TRAFFIC.	UP.		DOWN.						TOTAL UP AND DOWN.			
					Mds.	No.	Mds.							No.	Mds.	No.
CANAL DIVISIONS.	Northern	10-00	8-92	710	456	Grains:—										
	Meerut	8-10	7-31	1,037	804	Gram	9,747	...	9,747	...	23,503	5	40	GANGES CANAL.—Mean volume of water passing Solani aqueduct 5,227 c. ft.		
	Futtehgurh	6-80	5-45	667	405	Urhar	591	...	591	...	68,327	1-3	34	6 ft.		
	Booldundshuhur...	6-35	6-10	933	904	Jowar	66	...	66	...	101,076	1-4	22	Volumes discharged in—		
	Allygurh	5-60	5-20	1,053	432	Bajra	40	...	40	...	42,184	1-2	38	Etawah Branch, Tail escapes 200		
	Etawah	4-80	2-70	771	755	TOTAL	10,444	...	10,444	...	31,262	1-2	2	Cawnpore " Tail 215		
	Cawnpore	6-20	4-60	958	842						3,787	1-1	2	" " Escapes 188		
				6,129	4,598	Cotton			28,069	...	510	1	2	Balance expended ... 629		
						Oil-seeds				...	9,585	1	08	Through out the canal there was a considerable demand for water till near close of the month, when demand entirely ceased in consequence of heavy rain-fall.		
						Salts			3,254	...	20,004	1-3	4	4,598		
GANGES CANAL.						Metals	2,108	3,254	...	7,881	1	2	Demands for watering for rubber crops were considerable till the 23rd, when demand diminished owing to wet weather.			
						Building Materials	88	843	...	30,001	0-8	2				
						Miscel. Goods	1,508	2,580	...	38,206	1-7	09				
						Firewood		9,769	...	4,690	1-3	6				
						Bamboos		12,815	...	...	1-7	29				
						Tors, or unsquared Timber		37,306	...	1,553	1-7	3				
						Kurrees, or squared Timber			...	10,828	1-8	2				
						Logs	23	43,302	...	1,100	5	1				
						Miscel. Timber	88	355	...	548	1-5	1				
						Passengers or Live-stock	85	7,202	...	...	...	...				
EASTERN JUMNA CANAL.						GRAND TOTAL	14,148	57,330	91,830	395,045	...	...		Traffic.—As compared with the corresponding period of previous rubbee, there is a serious falling-off in the traffic in both directions, and in all commodities except timber. This is due probably to the circumstance of all navigation above Khutowlee having been practically stopped during the closure of the Jowil and Behrah Locks from 2nd to 31st December.		
						During the corresponding month in Fusl Rubbee 1870-71	15,396	191	66,505	81,901	109,929	...	...			
						Increase	...	5	...	...	292,634	...	...			
						Decrease	1,248	...	17,908	10,423	102,411	...	...			
GRAND TOTAL		...	...	6,129	6,103											

P. S. MARINDIN, Captain, R. E.,
Asst. Secy. to Govt., N. W. P., Irrigation Branch.

ALLAHABAD,
The 15th February 1872.

[illegible]

P. S. MARINDIN, *Capt., R. E.,*
Asst. Secy. to Govt., N.-W. P., Irrigation Branch.

IRRIGATION OPERATIONS OF FUSL RUBBEE IN THE N.W. PROVINCES UP TO 29TH FEBRUARY 1872.

NAVIGATION RETURN, GANGES CANAL.										LAND IRRIGATED (AP- PROXIMATE).		RAIN-FALL		REMARKS.
PRINCIPAL ITEMS OF TRAFFIC.										Zillah.	Acres.	Total from 1st November 1871 to 29th February 1872.	Average of ten previous years for the same period.	
Nature of Traffic.		Up.		Down.		Total Up and Down.								
Mds.	No.	Mds.	No.	Mds.	No.	Mds.	No.							
Grains:—		25		1,553		1,528		...		Saharunpore	31,457	5	329	GANGES CANAL.—Mean volume of water passing Solani aqueduct ... 3,665 cub. ft. per sec. Volumes discharged:— per sec. Etawah Branch Tail ... 55 " Escapes... 832 Cawnpore, " Tail ... 245 " " Escapes... 601 Balance expended ... 1,932 There were no demands in the upper divisions till the latter end of the month, when sugar-cane irrigation commenced. In the central and lower division there were slight demands in the middle and latter end of the month for indigo, sugar-cane, pao, poppy, and last waterings for Rubbee. EASTERN JUMNA CANAL.—On the 9th the canal was re-opened to supply mills; towards the close of the month there was some call for sugar-cane. DOON CANALS.—No demands for ir- rigation purposes. TRAFFIC.—There was an increase in the "up" and "down" traffic during the month over that of the corresponding period of last year to the extent of 37 per cent. The Nirganzaee Lock in the upper portion of the canal was closed for repairs from the 19th to the 27th current.
Wheat	...	...	...	...	...	...	...	...	...	Moozuernagur...	71,035	3-8	428	
Barley	...	...	...	...	...	...	...	...	...	Meerut	109,768	3-3	328	
Gram	...	1,022	...	...	...	1,022	...	1,022	...	Boohundshuhur	49,725	1-4	1-01	
Rice	...	972	...	...	...	972	...	972	...	Allygurh	36,526	1-7	1-06	
Paddy	...	...	...	60	...	60	...	60	...	Muttra	6,146	1-1	1-45	
Urhur	...	400	...	...	...	400	...	400	...	Agra...	510	1-7	1-58	
Jowar	...	293	...	...	...	293	...	293	...	Etah...	9,588	2-0	15	
TOTAL	...	2,712	...	1,727	...	4,439	...	4,439	...	Mynpoory	25,386	4-5	50	
Cotton	...	...	...	22,489	...	22,489	...	22,489	...	Futehgurh	10,375	3-8	47	
Oil-seeds	...	...	...	...	...	...	...	...	...	Etawah	32,161	1-9	52	
Salts	...	...	...	2,162	...	2,162	...	2,162	...	Cawnpore	40,466	2-5	56	
Metals	...	...	...	...	...	...	...	...	...	Dehra Doon	4,690	10-1	62	
Building Materials	...	2,102	...	2,102	...	2,102	...	2,102	...	Bijnour	348	6-3	62	
Miscel. Goods	...	5,972	...	13,850	...	19,822	...	19,822	...	Tera	1,548	5-9	15-4	
Firewood	...	764	...	5,811	...	6,575	...	6,575	...	Barilly	11,912	3-9	77	
Ramboos	...	...	...	32,207	...	32,207	...	32,207	...	Jhansie	1,365	1-1	63	
Tors, or unsquared Timber	...	...	...	86,070	...	86,070	...	86,070	...	Humeerpore	581	2-0	39	
Karrees, or squared Timber	...	...	...	2,899	...	2,899	...	2,899	...	TOTAL	443,633	...	...	
Logs	...	...	...	195	...	195	...	195	...	Rubbee of 1870-71, to 28th February 1871	616,645	...	...	
Miscel. Timber	...	...	...	4	...	252	...	252	...			...	...	
Live-stock	...	...	...	106	...	4,276	...	4,276	...			...	...	
GRAND TOTAL	...	...	...	11,550	...	7,791	...	89,796	...			...	...	
During the corres- ponding month in Fusl Rubbee 1870-71.	...	...	...	17,282	...	4,818	...	1,36,837	...			...	...	
Increase	...	...	...	2,973	...	30,281	...	52,347	...			...	...	
Decrease	...	...	...	5,732	...	...	...	...	...			...	...	
GRAND TOTAL	...	...	...	6,129	...	2,413	...	...	...			...	...	

P. S. MARINDIN, Capt., R.E.,

Asst. Secy. to Govt., N.-W. P., Irrigation Branch.

ALAHABAD, }
The 26th March 1872.

IRRIGATION OPERATIONS OF LOWER BENGAL UP TO 29TH FEBRUARY 1872.

Circle.	Canal.	WATER SUPPLIED DURING 1871-72.				APPROXIMATE AREA IRRIGATED DURING FEBRUARY 1872.			RAIN-FALL.		NAVIGATION RETURN.				CHIEF IRRIGATION.		REMARKS.					
		Full supply depth.	Estimated full discharge in cubic feet per second.	Average depth throughout the month.	Average discharge in cubic feet per second throughout the month.	District.	Area actually receiving water during the month in acres.	Of column 8 area receiving water for the first time during the current year.	Total of column 9 for all previous months of the current year.	Total area irrigated up to date during the current year.	Inches during the month.	Inches up to date during the year.	Average of ten previous years for the same period.	Nature of Traffic.	Number of Boats.	Tonnage.		Ton-mileage.	Approximate value of goods.	Per column 8.	Per columns 8 and 9.	
Orissa	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22.
	High Level...		8	675	6'	288'	Cuttack	...	...	10,721	10,721	0.63	49.87	58.18	{ Private ... Government ...	48	110	1,711	1,464			
	Kendrapara...		7	1,202	4.75	668.251	Ditto	...	875	366	1,601	0.63	50.03	53.23	{ Local ... Through ... Government ...	116	729	15,427	32,882		Cotton, Dalua rice.	
	Taldunda, 1st Reach.		8	1,300	6.25	45'	Ditto	...	17	3	1,376	0.63	50.03	53.23	{ Local ... Government ...	121	1,078	5,974	2,218,49		Cotton.	
	Do., 2nd do.		7	650	5.50	18'	Ditto	...	...	...	...	...	...	...	...	...	...	...	...	2,487		
South-Western	Machgong ...		5	650	4'	20.60	Ditto	...	7	2	310	...	6.63	50.03	...	...	...	...	...	3,525		
	Midnapore ...		8	875	...	...	Midnapore	...	947	107	6,947	...	64.27	49.29	{ Local ... Government ...	1,831	9,147	84,772	4,03,710			
	Panchkora...		6	240	4.30	156.47	Howrah	...	...	...	...	2.30	63.55	Not available.	Government	10	246	3,558	542		Boro Paddy	* No irrigation.
	Tidal ...		...	...	...	...	Midnapore	...	...	...	...	...	...	...	Local	77	349	9,072	12,630			
	February 1871.		...	...	...	...	Total	1,846	478	35,001	35,479	...	...	...	...	...	...	...	...	...		
Orissa	High Level...		...	...	...	...	Cuttack	...	2	22,035	22,035	0.56	48.54	53.88	...	...	...	...	...			
	Kendrapara...		...	...	...	...	Ditto	...	400	60	22,150	0.56	48.54	53.88	...	...	...	...	...			
South-Western	Taldunda ...		...	...	...	...	Midnapore	...	...	29,114	29,114	0.40	49.25	Information not available.	...	...	...	...	...			
	Midnapore ...		...	...	...	...	Howrah	...	...	878	878	2.50	46.10	...	...	...	...	...	...			
	Panchkora...		...	...	...	...	Total	...	2,653	742	142,787	...	...	...	...	...	...	...	...			

G. A. SEARLE, Lieut. Colonel, S. C.,
For Offg. Joint. Secy., Govt. of Bengal,
P. W. D., Irriga. Branch.

The 4th April 1872.

GOVERNMENT OF INDIA.
DEPARTMENT OF AGRICULTURE, REVENUE AND COMMERCE.

REPORTS ON THE STATE OF THE SEASON AND PROSPECTS OF THE CROPS.

GENERAL REMARKS.—In most tracts from which reports have been received, more or less rain or hail seems to have fallen during the fortnight ending the 11th April. The crops, however, where still unharvested, do not seem to have suffered, and in Mysor and parts of Bengal the rainfall has been beneficial. In other respects things have not changed since the last report. Prices in Bombay have slightly risen.

Presidency or Province.	District.	Date of District Report.	Rainfall in the fortnight preceding the report.	Date of report from Local Government or Administration.	State of agricultural prospects.	Remarks of Local Government or Administration.
MADRAS	Ganjam	April 10	...	April 11	Prices unchanged; cholera in the district; murrain decreasing.	Generally, the condition and prospects of the Presidency are unchanged. Rain is wanted.
	Vizágapatam	" "	Slight and partial.	" "	Slight fall in prices; market well supplied by importation; pasture scanty; water-supply diminishing; public health good; murrain on the decline.	
	Godávári	" 8	Nil	" "	Market well supplied; prices steady; health good.	
	Krishna	" 10	...	" "	Market well supplied from local sources; prices high and steady; water-supply failing in parts; harvest satisfactory; health generally good.	
	Karnul	" "	Partial	" "	Market well supplied; prices steady and tending to rise; harvest satisfactory; crops suffering; pasture abundant; health fairly good.	
	Nágapatam	" "	Nil	" "	Prices steady.	
	Trichinápalli	" "	Slight and partial.	...	Prices steady; crops in fair order; harvest below the average; health fairly good.	
	Calicut	" 9	Nil	April 11	Prices low and steady; health fairly good.	

Presidency or Province.	District.	Date of District Report.	Rainfall for forming preceding year.	Date of report from Local Government or Administration.	State of agricultural prospects.	Remarks of Local Government or Administration.
BOMBAY AND SINDH	Jacobabad	April 10	0.94	...	Slight hailstorm at Kasoor; rabi harvesting continues; in Karachi wheat eleven sers per rupee, rice seven and a half. In Upper Frontier grain above ten.	
	Gujerat	" "	"	...	Late crops reaped in Kaira and Broach; in Ahmadabad wheat eleven to twelve, bajri fourteen and a half. Kaira wheat the same, bajri fifteen, rice seven and a quarter. Broach wheat the same, bajri twelve and a quarter. Surat wheat seven and a quarter. Stormy during the week with slight rain in places; mortality amongst cattle. In Khandesh bajri fifteen to seventeen and a half, jowari seventeen and a half to eighteen and three quarters. Nasik, rice nine, wheat ten.	
	Khandesh and Nasik	" "	0.35 in Khandesh.	...	In Puna bajri ten; Ahmadnagar ten and decimal seven; Sattara ten and three quarters; in Sholapur jowari seventeen and three quarters.	
	Dakhan	" "	0.08 in Ahmadnagar. 0.66 in Sholapur.	...	Cotton slightly damaged by rain; jowari eighteen; cotton-picking nearly finished in Dhärwar.	
	Southern Maratha Country	" "	0.91 in Bilgaon.	April 11	Note.—Prices of grain per rupee are given in sers.	
	Patna Division	April 10	"	April 12	Slight rain in Champaran, Saran, and Shahabad; rabi crops have commenced to be cut; outturn excellent.	
	Bhagalpur Division	" "	"	"	Slight rain; crops nearly all cut and very good.	
	Sonthal Parganas	" "	"	"	Mohwa crop very good in Rajmahal, Deogarh and Nya Dumka.	
	Rajshahi Division	" "	"	"	There has been some rain, but more is needed; rabi crops have been harvested. In Dinapur the mustard crop has been scanty and the price has risen.	

BENGAL	Bardwán Division	...	...	...	...	...	Slight rain, more wanted; spring crops are being gathered; outturn favorable.
	Presidency Division	...	...	...	...	...	Some rain, but more is wanted; ploughing commenced.
	Dacca Division	...	...	...	...	...	Scarcity of rain in Faridpur has affected the crops. In Dacca rainfall 0·20; prospects of crops good.
	Chittagong Division	...	...	...	...	April 11	Cold weather crops have suffered more or less from drought in Chittagong. The prospects of the crops in Noakhali and Tippera are good.
	Orissa Division	...	...	...	...	...	Slight showers of rain in Balasor; no rain-fall elsewhere; no crops on the ground; rain wanted for ploughing.
N. W. PROVINCES	Chota Nágpur Division	...	...	...	...	...	Weather dry; no crops on the ground.
	Assam Division	...	...	...	...	...	Several showers of rain; crops doing well.
	Kuch Bihar Division	...	...	...	...	...	Heavy storms and rain except in Kuch Bihar itself; ground being prepared for paddy.
	Mirat Bareilly	...	...	...	...	April 11	Occasional storms with hail, but on the whole the weather is fairly seasonable. The harvest has been reaped in the Banáras and Allahabad Divisions. Wheat in some parts rather light; barley good; harvest being cut. Elsewhere prospects are good, and prices are falling.
	Agra	...	...	...	...	...	
PANJAB	Dellui	...	...	...	...	April 11	Crops doing well; weather variable.
	Ambálah	...	...	...	...	...	Agricultural prospects good.
	Jalandhar	...	...	...	...	...	State of crops good.
	Lahor	...	...	...	...	...	Opportune for cotton sowings; crops good on irrigated lands.
	Multán	...	...	...	...	April 11	Agricultural prospects good.
ODISH	Rawal Pindi	...	...	...	...	...	
	Pesháwar	...	...	...	...	...	
ODISH	Faizábád	...	April 10	...	...	April 11	.....
		...	...	...	...	...	

There was a general fall of rain during the last fortnight. Agricultural prospects are good.

The outturn of grain in the Lucknow district is reported to be less than was anticipated, but the harvest generally is very good.

Presidency or Province.	District.	Date of District Report.	Rain-fall for fortnight preceding.	Date of report from Local Government or Administration.	State of agricultural prospects.	Remarks of Local Government or Administration.
CENTRAL PROVINCES	Raipur	April 6	0.78	April 11	All crops harvested. Cloudy and stormy; rabi crops gathered: outturn not so plentiful as previous year; sugarcane flourishing.	
	Bilaspur	...	Nil	...	Harvest now over.	
	Sambalpur	April 10	Nil	...	Hail fell over portions of the Jabalpur Tehsil, causing some damage to standing crops.	
	Jabalpur	...	3.33	...	All crops gathered: outturn not unfavorable. Threshing and winnowing in progress.	
	Sagar	...	...	...	Prospects favorable.	
	Sioni and Damoh	...	...	...	Hail on 5th and 6th, damage not ascertained; all rabi crops gathered; prices unvarying.	
	Mandla	April 10	0.10	...	Harvest two-thirds of an average outturn.	
	Nagpur	...	...	...	Prospects as before.	
	Hoshangabad	...	Nil	...	Rabi harvest not favorable.	
	Betul	...	1.34	...	Threshing and winnowing in progress.	
HAIDARABAD DISTRICTS	Nimár	...	0.12	...	Slight showers; rabi average; prices steady.	
	Narsinghpur	...	0.50	...	Want of water for men and cattle, same as in last report.	
	Chhindwára	...	...	...	Weather exceedingly hot; storms with rain have been very general during the past week; hail also in some parts.	
	East Berar	...	0.51	April 11	Tanks dry; wells very low; crops very good: season as a whole bad.	
RAJPUTANA	West Berar	...	...	"	Water becoming scarce; crops being harvested; outturn tolerable.	
	Sirohi	April 8	Nil	April 11	Same as last; further reports not received.	
	Márwar	...	Nil	"	Late thunderstorm slightly injured standing crops; harvesting satisfactory.	
	Meywar	...	...	"	State of crops satisfactory.	
	Dioli	...	...	"	Water very scarce; crops very scanty; people aided by famine labor.	
	Kotta, and Jhaláwar	April 11	Nil	"		

The crops are being everywhere housed, and they have not been affected by blight save in Mhairwára where extreme cold during January and February prevented the formation of seed in the ears of corn.

A timely fall of rain in several places has been of much benefit.



SUPPLEMENT TO The Gazette of India.

CALCUTTA, SATURDAY, APRIL 20, 1872.

OFFICIAL PAPERS.

A SUPPLEMENT to the GAZETTE OF INDIA will be published from time to time, containing such Official Papers and information as the Government of India may deem to be of interest to the Public, and such as may usefully be made known.

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GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RESULTS OF TRIALS MADE WITH NORTON'S PATENT TUBE-WELLS.

No. 224, dated 19th January, 1870.

*Memo. from—*COLONEL J. E. T. NICOLLS, R. E., *Secy. to the Govt. of Bengal, in the P. W. Dept.,*

*To—*Officiating Secretary to the Government of Bengal, General Dept.

With reference to the Officiating Under Secretary's Memorandum No. 6016 of 29th December 1868, with enclosures, requesting that a trial should be made on the Calcutta Maidan opposite the Town Hall in sinking one of the Norton's Patent Tube-wells then expected from England, and with reference to endorsement from this Office, No. 5753 of 9th October 1869, transmitting a copy of reports of trials of such wells made in the Upper Assam Division, the undersigned is directed to forward herewith a copy of a Report No. 4834, dated 22nd idem, from the Superintending Engineer of the Presidency Circle, of the result of an experiment made in sinking one well in the yard of the Alipoor Jail, which place was selected in place of the Calcutta Maidan, after demi-official communication with the Superintending Engineer under instructions of the Lieutenant Governor.

2. The above reports, it will be seen, do not show favourable results.

3. The result of another trial ordered by the Superintending Engineer to be made in the yard of the 1st Presidency Division at Hastings will be now called for, and be duly forwarded also.

No. 225.

Endorsed by the Govt. of Bengal, in the P. W. Dept.

Copy of the above Memorandum, and of the reports of the trials made in the Upper Assam Division and the Alipoor Jail yard alluded to, forwarded to the Government of India in the Public Works Department, in reply to the Memorandum No. 1324 B—M, dated 21st ultimo, from the Deputy Secretary, Colonel Crommelin.

2. The above-mentioned reports from the Upper Assam* Division will be found among the papers on the subject of Norton's Tube-wells, published by the Home Department in the Supplement to the Gazette of India, dated 11th December 1869.

* No. 552, dated 7th } July 1869.
" 659, " 26th }

No. 552, dated 7th July, 1869.

*Memo. from—J. VERNON, Esq., Executive Engineer of the Upper Assam Division,
To—Superintending Engineer, Assam Circle.*

In reply to Superintending Engineer's No. 623, dated 30th June 1869, the undersigned begs to submit the following report on Norton's Patent Tube-wells:—

About the 1st June one was driven at Demoo, and the Overseer reports on the 25th, that "after pumping for above one hour every day," the water has not cleared, but "remains still the same; the dirt which comes up is a very fine black sand," but "the working of the pump is good, and I should have reported on it before, but I have been daily expecting it to clear." This experiment has not, therefore, been quite successful.

One of the pumps was driven down at the cooly lines in Dibrooghur; it was driven through the surface strata into the sand to a depth of 18 feet, and pumped up at first about 75 per cent. of clean sand; men were put on for the purpose of regularly pumping, and it cleared slightly after about six hours, but the sand wore out the sucker, and a fresh sucker was attached the following morning and pumping continued, but in the course of three hours the second sucker became useless, and by the following morning the pump was choked; the thinner tube was put down to clean it, but in the time it took to lengthen it as it got lower down the well it also became choked; and, after trying it twice, it was found necessary to pull the tube out altogether to clean it.

This experiment also has not been a success, but the undersigned considers that it was owing altogether to the soil, and is of opinion that in a loose soil consisting of fine sand, it could never be worked economically, as the wear and tear from the friction would always be a great obstacle; as the experiment at Dibrooghur is, perhaps, not a fair one to judge from, a second will be tried, and it will be seen if by driving the tube deeper, and coming perhaps into coarser sand, may not be more successful.

No. 659, dated 26th July, 1869.

*Memo. from—J. VERNON, Esq., Executive Engineer of the Upper Assam Division,
To—Superintending Engineer, Assam Circle.*

In reply to Superintending Engineer's No. 700, dated 20th June, and in continuation of this Office No. 552, dated 7th July, the undersigned has the honour to inform him that the last trial proved a failure; the trial was a very fair one; and taking its results into consideration, he considers the using of Norton's Patent Tube-wells for the permanent and principal supply of water to cooly lines is not applicable in soil such as Dibrooghur. In this trial the tube was driven down 24 feet, it being thought that a coarser strata of sand might be found at this depth more suited to the quick production of clear water; but, after pumping five days regularly almost all day long, at the end of the five days after wearing out two suckers the sand choked the tube; on seeing this, the undersigned gave up the trial, as he considered that in a strata of sand so loose and fine as that of Dibrooghur, the pump would never yield satisfactory results. Attention is again directed to the project of sinking a pukka well, and the undersigned has the honour to request that it will meet with Superintending Engineer's early consideration.

No. 4834, dated 22nd October, 1869.

*Memo. from—MAJOR W. S. TREVOR, R. E., V. C., Supdg. Engr., Presdy. Circle,
To—Chief Engineer, Bengal.*

The undersigned, with reference to Bengal Government's No. 423 of 26th January 1869, begs to report, for the information of the Chief Engineer, Bengal, that one of these wells was sunk in his presence in the yard of the Alipoor Jail to the depth of about 18 feet, but that the result was unsatisfactory, inasmuch as no pure water could be obtained by pumping. What was obtained contained as much (or more) fine sand as water; and after pumping some days, the Superintendent discontinued the attempt, fearing to injure the foundations of the contiguous buildings by depriving them of their natural support.

2. One Norton's tube-well has been made over to the Garrison Engineer for experiment, and this is about to be driven in the yard of the 1st Presidency Division at Hastings, where water is needed for workshop purposes. The result will be reported in due course.

No. 4412, dated 17th September, 1870.

*From—COLONEL J. E. T. NICOLLS, R. E., Secy. to the Govt. of Bengal, in the
P. W. Dept.,*

To—Secretary to the Government of India, P. W. Dept.

I am directed to acknowledge receipt of the Deputy Secretary's letter No. 161 B—M of 8th February last, stating "His Excellency the Governor General in Council considers that it

is desirable to ascertain whether there is any soil in Bengal where Norton's Patent tube-wells will work satisfactorily," and to state for the information of the Government of India that enquiries have been made on this subject, and that the Chief Engineer of Bengal does not think that there are any localities in Bengal where these wells could be satisfactorily and economically used.

No. 1786, dated 4th April, 1871.

From—COLONEL A. TAYLOR, C. B., R. E., *Offg. Secy. to the Govt. of the Punjab, in the P. W. Dept.,*

To—Secretary to the Government of India, P. W. Dept.

In compliance with your letter No. 1086 B—M of the 4th October, regarding the result of trials of Norton's Patent tube-wells, reports were called for from the Superintending Engineer, Irrigation Branch, at Umritsur, where the tubes had been tried; and from the Deputy Commissioner, Peshawur, who had, it was said, made successful trials with the new tubes at Peshawur during the Fair at that place. The tubes obtained by this Department for trial at Mooltan had just been received, and have not yet been used.

2. A reply has not yet been received from the Deputy Commissioner, Peshawur, who has again been addressed. Mr. Palmer, Superintending Engineer, at Umritsur, has submitted a report on the result of the trials at Umritsur, and a copy of it accompanies.

3. The Executive Engineer, Mooltan, has been requested to intimate the result of a trial of the tubes at Mooltan as soon as one can be made.

No. 529, dated 25th October, 1870.

From—E. C. PALMER, Esq., *Offg. Supdg. Engr., Lower Baree Doab Canal Circle,*

To—Secretary to the Government of the Punjab, in the P. W. Dept.

In reply to your No. 566 C, dated 13th current, received this morning, I have the honour to furnish you with the following particulars regarding the sinking of Norton's tube-wells.

The object in sinking these wells was to procure the water uncontaminated from surface impurity from the springs beneath.

These springs are formed in the environs of Umritsur, about 24 feet deep, it was therefore unnecessary to use the tubes for greater depths.

The apparatus employed is so simple that I found not much difficulty in training a gang of six coolies, supervised by an European, to work the pump readily in a few days.

The soil through which the tube was driven may be described as 3 feet hard loam, 4 feet kunkur in clay, then sand to an unknown depth and of a light and fine quality, mixed with mica.

Through the first 7 feet the tube could not be conveniently forced in less than a quarter of an hour; through the sand it would be driven 6 inches at each stroke of the monkey.

When the water holding stratum was reached, or rather at the point where the springs were expected, the clearing or pump-tube was introduced, water poured down, the pump screwed on, and the sand and earth which had penetrated through the perforated extremity of the tube was pumped out as muddy water.

In this stage of the work occurs the most serious difficulty which I met with.

When the water-bearing stratum happens to be sand, it is obvious that the action of the pump must clear a very large cavity before the water comes up clear. We found it required sometimes two hours' hard pumping before this was effected, and the action of the sand and water on the leather plunger soon ruins it. These leathers are somewhat difficult to make, but a large number are sent with each pump.

The extraction of the tube is most simple, and is easily done in half an hour.

I used it in about 30 different places, and the apparatus was nearly as good as new when I had finished.

It may be useful to conclude these observations with a few suggestions for the improvement of this useful invention for work in this country—

1st.—The tube should not be driven into the ground with the perforation left unclosed, as it was sometimes found to have accumulated 6 or 7 feet of sand and earth during the driving; all this had to be removed by the laborious operation of pumping, and could be easily obviated by placing a roll of loose fitting hemp into the first feet of the lower or perforated extremity of the tube. This attached to a sufficient length of cord might be removed when the pump was applied.

2nd.—If a number of the tubes were ordered for India, the heavy iron-tripod might be dispensed with, three wooden poles (bullies) would answer the purpose, and half of the cost of carriage would be saved.

3rd.—Not less than 6 dozen leathers for the plunger should accompany each set of apparatus.

I consider the invention a most convenient one, not only for obtaining pure drinking-water, but for supplying necessary works far from a well or river up to a lift of 35 feet: this extreme with the simple lift-pump supplied would, of course, necessitate a short well 8 feet diameter and 8 or 9 feet deep.

No. 2404, dated 5th May, 1871.

From—COLONEL A. TAYLOR, C. B., R. E., *Offg. Secy. to the Govt. of the Punjab, in the P. W. Dept.*,

To—*Secretary to the Government of India, P. W. Dept.*

In continuation of this Office No. 1786 of the 4th ultimo, and with reference to para. 2, I have the honour to forward copy of a letter No. 760 of the 26th idem, from the Assistant Commissioner, Peshawur, reporting the results of the trial of Norton's Patent tube-wells in the Peshawur District. The result, it will be seen, is very satisfactory.

2. The trial of these tube-wells made at Mooltan was not successful, owing, the Executive Engineer believes, to the perforation in the pipe having been choked in passing through the superincumbent layer of clay. Another trial was in progress, but was stopped by the fracture of the monkey. Work will, however, be resumed on the receipt of another monkey, which has been ordered from Roorkee.

No. 760, dated 26th April, 1871.

From—*The Assistant Commissioner, Peshawur,*

To—*Secretary to the Government of the Punjab, in the P. W. Dept.*

In reply to your No. 5676, dated 13th December last, and subsequent correspondence, I have the honour to report that the working of Norton's tube-wells in this District has been most satisfactory. Five of the tube-wells have been used during the two Peshawur Fairs, these have been built in, but the head of one has unfortunately been stolen, this however is being replaced.

Two of the tube-wells have been in regular use in the city, and one has lately been sunk in the People's Garden. The working of all is most satisfactory; the only drawback being that the washers wear out, and as no others were in hand, leather washers have been substituted, and owing to this Hindus will not use the water.

The people of this District however prefer the canal to well water.

No. 1403, dated 13th March, 1872.

From—CAPTAIN C. M. BROWNE, R. E., *Asstt. Secy. to the Govt. of the Punjab, in the P. W. Dept.*,

To—*Secretary to the Government of India, P. W. Dept.*

In compliance with your letter No. 167 B—M, dated 6th ultimo, I am desirous to submit the following report of the further experiments that have been made with Norton's patent tube-wells at Mooltan.

2. Subsequent to the despatch of this Office letter No. 2404, dated 5th May 1871, to your address, two further trials have been made with the tubes at Mooltan.

In the first, the superincumbent clay was cleared away to a depth of 6 feet, and the tubes then forced down 4 feet or 5 feet below water-level, which was 18 feet from the surface. The result was unsuccessful, no water coming up, and on the tubes being drawn up, the holes were found stuffed.

3. In the next trial, the ground was excavated to a depth of 3 feet until pure sand was reached. The water rose a little in the tube, but then remained stationary, and on the tube being raised, it was found choked with sand.

CANAL DIVISION.	WATER DISTRIBUTED DURING FEBRUARY.				NAVIGATION RETURN CANAL.		LAND IRRIGATED (APPROXIMATE).		RAINFALL.		CHIEF CROPS (APPROXIMATE).		REMARKS.	
	DEPTH IN CANAL AT REGULATING GAUGE.		GROSS CONSUMPTION C. FT. PER SECOND.		PRINCIPAL ITEMS OF TRAFFIC.		ZILLAH.	ACRES.	AVERAGE.	DRAINING MONTH.	NAME.	AREA IN ACRES.		
	Full Supply.	Actual throughout February.	Estimated Full Supply.	Actual average throughout February.	Up.	Down.								
BAREE DOAB CANAL. { 1st Division Main Branch, Lower Lahore Branch }	4.90	2.48	3073.6	{ 843.14 349.33 493.77 }	Nil	Nil	Goordaspoor Umritsar Lahore	16,119 76,787 88,388	3.24 0.89	1.20 0.70	Wheat Barley Gram Mixed grains Others	1,45,371 6,210 1,297 11,183 17,233	41.52 cubic feet per second passed out at the various escapes. The increase of 27,527 is in the 2nd Division, Baree Doab Canal.	
	...	...	3073.6	1686.24	Nil	Nil	...	1,81,294	...	...	...	1,81,294		
	...	...	3073.6	1934.45	Nil	Nil	...	1,53,767	...	...	...	...	1,53,767	
WESTERN CANALS. { Kurnaul Division " " " " Hansi " " Bulla Head }	4.33	2.15	2546.0	{ 344.63 261.00 173.00 }	Nil	logs bulhes, &c., and 57,057 maunds of Firewood in rafts.	Umballa Kurnaul Delhi Rohtruck Hissar Jheend Bikaner	2,404 47,123 44,214 33,561 35,797 23,712 163	1.79 0.36	1.85 0.73 0.30	Wheat Barley Mixed grains Others	1,55,315 4,001 21,384 6,274	82.25 cubic feet per second passed down the different escapes. There is a slight decrease in area irrigated as compared with the corresponding period of last year.	
	...	...	2546.0	778.63	...	1,12,239	...	1,86,974	...	...	...	...	1,86,974	
	...	...	2546.0	1823.12	...	1,73,117	...	1,88,049	...	...	...	Detail not obtainable for want of establishment.	...	1,88,049
INUNDATION CANALS. { Upper Sutlej Division Lower Sutlej and Chenab Indus Canals }	...	...	...	...	...	...	Lahore Montgomery Mooltan Dera Ghazee Khan	3,000 25,000 ... 42,000	0.86	0.00	...	...	...	
	...	...	...	...	...	...	...	70,000	...	...	...	...	70,000	
	...	...	...	...	...	...	...	60,000	...	...	...	...	60,000	
DELHI AND GOORGAON WORKS	...	...	...	...	...	...	Delhi Goorgaon Rohtruck	1,385 4,171 1,187	...	...	Wheat Barley Mixed grains	4,418 1,581 744		
	...	...	...	...	...	...	...	6,743	...	...	...	...	6,743	
	...	...	...	...	...	...	...	8,995	...	...	...	...	8,995	
PERENNIAL CANALS— GRAND TOTAL DITTO—CORRESPONDING PERIOD OF LAST YEAR	...	...	...	...	...	...	...	3,68,268	...	...	...	...	3,68,268	Showing a Total increase in area irrigated by Perennial Canals of 26,452 acres over the corresponding period of last year.
	...	...	...	...	...	...	...	3,41,816	...	...	...	...	3,41,816	
	...	...	...	...	...	...	...	...	...	...	...	...	...	

HENRY TANNER,
Asst. Secy. to Govt., Punjab, P. W. D., Irrgn. Branch.

5th April 1872.

ABSTRACT OF FOREIGN MESSAGES FOR THE MONTH OF NOVEMBER 1871.

DESCRIPTION.	ROUTE.								TOTAL.		
	VIA TEHRAN.		VIA TURKEY.		BY BRITISH-INDIAN SUB-MARINE CABLE.		BY BRITISH-INDIAN EXTENSION CABLE, &c.				
	No.	Indian Value.	No.	Indian Value.	No.	Indian Value.	No.	Indian Value.	No.	Indian Share of Value.	
		Rs. A.		Rs. A.		Rs. A.		Rs. A.		Rs. A.	
TO AND FROM INDIAN STATIONS.*											
Sent	...	631	4,459 14	849	3,722 1	1,003	6,129 11	293	1,730 2	2,776	16,041 12
Received	...	712	5,695 4	372	1,651 6	1,360	8,278 4	350	2,203 12	2,794	17,828 10
TOTAL	...	1,343	10,155 2	1,221	5,373 7	2,363	14,407 15	643	3,933 14	5,570	33,870 6
TRANSIT.											
From East to West	...	...	...	1	3 14	875	4,362 12	...	...	876	4,366 10
West to East	...	119	490 6	118	534 2	610	2,788 6	...	...	847	3,602 14
TOTAL	...	119	490 6	119	538 0	1,485	7,151 2	...	...	1,723	8,169 8
GRAND TOTAL									...	7,293	42,039 14

* Including Karachi *via* I. E. line, Bombay *via* B. I. S. Cable, and Madras *via* B. I. E. Cable.

Abstract of Foreign Traffic with India by the Indo-European and Red Sea Lines for the month of November 1871.

ROUTE.		NUMBER OF MESSAGES BY EACH ROUTE, EXCLUSIVE OF TRANSIT.			PERCENTAGE OF NUMBER.		
		To India.†	From India.†	Total.	To India.	From India.	Total.
INDO-EUROPEAN	<i>Via</i> Teheran ...	712	631	1,343	29.13	25.41	27.28
	„ Turkey ...	372	849	1,221	15.22	34.19	24.78
RED SEA	„ Suez ...	1,360	1,003	2,363	55.65	40.40	47.96
TOTAL ...		2,444	2,483	4,927	100.00	100.00	100.00

† Including Karachi *via* I. E. line, and Bombay *via* B. I. S. Cable.

GOVERNMENT OF INDIA.

ABSTRACT OF THE PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR
GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS UNDER THE PROVISIONS OF
THE ACT OF PARLIAMENT 24 & 25 VIC., CAP. 67.

The Council met at Government House on Saturday, the 6th April 1872.

P R E S E N T :

His Excellency the Viceroy and Governor General of India, K. T., *presiding*.
His Honour the Lieutenant-Governor of Bengal.
His Excellency the Commander-in-Chief, G. C. B., G. C. S. I.
The Hon'ble John Strachey.
The Hon'ble Sir Richard Temple, K. C. S. I.
The Hon'ble J. Fitzjames Stephen, Q. C.
The Hon'ble B. H. Ellis.
Major General the Hon'ble H. W. Norman, C. B.
The Hon'ble J. F. D. Inglis.
The Hon'ble W. Robinson, C. S. I.
The Hon'ble F. S. Chapman.
The Hon'ble R. Stewart.
The Hon'ble J. R. Bullen Smith.

FINANCIAL STATEMENT.

INCOME TAX BILL.

The Hon'ble SIR RICHARD TEMPLE, in moving for leave to introduce a Bill for imposing duties on Income, said—"MY LORD,—I have to present the budget of British India for the year 1872-3.

"In the midst of the preparation of this statement, we were arrested by a most lamentable event which deprived the Indian Government of its head. The changes consequent on the death of the Earl of Mayo have delayed the completion of the budget, and interrupted the consideration of some financial questions connected with it. Therefore, the exposition now to be made, though complete, we trust, in respect to facts, cannot be so complete in respect of policy, as it might have been. My Lord, as it is impossible to avoid alluding here to that most grave occurrence, I feel bound on this occasion to bear witness to the serious loss which the Financial Department (in common with all other Departments) has sustained by the death of Lord Mayo. This Council, and indeed all persons interested in Indian finance, well know how sound and just were his opinions on financial subjects. But those who were in almost daily communication with him, regarding the administration of the exchequer, the work of the treasury department, the gathering in of receipts, the regulation of expenses,—must necessarily know best how firm he was in the enforcement of economy, how strict he was in adherence to rule, how anxious he was that the State resources should be reserved, either for indispensable or for beneficent purposes, how consistent he was in the vindication of financial considerations, how generous he was in the support of those engaged in the conduct of affairs.

"Your Lordship and the Council, then, will doubtless bear in mind the particular disadvantage under which this statement is made to-day.

"Before proceeding further, I desire to make certain remarks supplementary to the statement delivered by me here on the 9th of March last year.

"The Council may recollect that, on that occasion I showed for the year 1869-70, an actual surplus of £118,668, observing that this result was owing, partly to management and partly to fortune. From observations since made in England, it would seem to have been supposed that this result arose from

crediting to the income of the year, various extraordinary receipts which ought not to have appeared there at all, and without which there would have been a deficit. From the tenor of some of these observations, indeed, it would further seem to be supposed that I had omitted, in my exposition, to bring this fact into prominent relief. I certainly stated the finance to be in surplus, and so it was. It was necessary to make this statement; and none other could have been made. At the same time, however, those credits, so far from being unnoticed, were prominently noticed, while the debits on the other side were also mentioned. This was in 1870. So clear, indeed, were the points made, that some public attention was attracted to them; and this caused me to revert to the matter in 1871, and to draw attention once more to those large credits.

“By the existing system of finance and accounts, all receipts of whatsoever nature, whether ordinary or extraordinary, whether regular receipts, or casual receipts commonly called ‘windfalls,’ or other, must appear in the income of the year, and cannot be excluded therefrom, in order to be embodied in any other account. I am not, indeed, prepared to say that the system can be altered in this respect. But, whenever such extraordinary credits occur, they should be clearly set forth, so that the financial position may not be allowed to seem better than it is; and they should not be permitted to affect the provision of ways and means, or to mitigate taxation, or to stay reduction of expenses. We should so arrange that the current finance may not derive any undue benefit from them. Now, this is just what has occurred in regard to these credits of late years. They were not entered in the budget of 1869-70, for the reason that they were not expected to accrue within that year. Thus they did not affect the provision of ways and means. It was quite irrespectively of anything of this kind, that we imposed the income tax and raised the salt duties. It was also irrespectively of this, that we enforced various reductions of expenditure, civil and military. If the expectation of these credits had influenced our judgment, and induced us to waive the increase of taxation, or defer the reduction of expenditure, then the effect would have been bad. But the very contrary occurred, and the bad effect was avoided.

“I proceed to deal with my subject in what are its well-established divisions, firstly, the ‘actuals,’ or figures of the last year (1870-71) for which the accounts are closed; secondly, the ‘regular estimate,’ or latest figures of the year 1871-72, just completed, for which the accounts are not yet closed; thirdly, the ‘budget,’ or the estimated figures for the year just commencing, 1872-73; fourthly, the ways and means and the cash balances.

“I begin then with the actual figures of the year 1870-71. In my last exposition, the surplus of income over ordinary expenditure for that year was shown to be estimated at just one million, or £997,100. The actual result now proves to be a surplus of $1\frac{1}{2}$ million, or £1,482,990, being an improvement of just half a million, or £485,890; the total income being £51,413,685, or nearly $51\frac{1}{2}$ millions, the largest ever yet attained in British India, and the ordinary expenditure being £49,930,695, or close on 50 millions. This improvement in the surplus arises chiefly from increased receipts in India, but partly also from short expenditure in England. The expenditure in India turned out, on the whole, to be about the same as the estimate. The details will be found in the figured statements, and time will not permit me to explain them all here. But, in general terms, there were comparatively small increases under most heads of revenue, showing that the regular estimate had been cautiously made; and the net effect of the relatively slight variations on the expenditure side, items of increase being on the whole balanced by those of decrease, showed that the expenses of the State had been kept fairly well in hand.

“The year 1870-71, then, ended thus: by the budget estimate there was anticipated an equilibrium between income and ordinary expenditure with a small surplus of less than £200,000; the actual result has been a surplus of $1\frac{1}{2}$ millions. Certainly this satisfactory surplus has been secured not at all before

it was wanted, as a partial set-off against the deficits of previous years. And we must remember that of the million and a half, full one million, or two-thirds of the surplus, arose from unlooked-for increase in our opium receipts—a resource on which we could not reckon beforehand, and on which we should have had no right to rely. Without this, there would have been a very moderate surplus, not largely in excess of that which had been originally estimated. I may, therefore, reiterate what was explained in my last exposition, namely, that the actual surplus cannot be justly held to invalidate the policy of those special measures of direct taxation which were resorted to in that year.

“In addition to the above, there was an extraordinary expenditure on reproductive public works of £1,167,810, or more than one million, from loan funds.

“We thus arrive at the second part of the subject, namely, the regular estimate for the year 1871-72. This estimate is based on the actual figures of eleven months for most, and twelve months for a few, of the main heads of income; of eleven months for most branches of civil expenditure and of nine months for the army and public works department. Still the remaining accounts yet to come in, and the inevitable adjusting entries in the last month of the year, are so important, that, despite all precautions, many possible variations between this estimate and the future actuals must be looked for.

“The result, however, so far as yet known, is in this wise. The budget estimate for the current year showed an equilibrium between income and ordinary expenditure with a small surplus of £93,400. The regular estimate, however, shows an income of £49,976,500, or 50 millions, with an ordinary expenditure of £47,276,500, or 47¼ millions, leaving a surplus of £2,700,000, or 2¾ millions. The income is not quite so high as the income of the last two years; but the ordinary expenditure appears remarkably low as compared with the figures of previous years, and is the lowest that has been shown since 1866-67.

“It will be very satisfactory if this anticipation shall be realized.

“In this year, however, as in the preceding year, the main cause of the surplus arises from the opium receipts. Early in the spring of 1871 a very injurious blight befell the poppy crop of Behar, by reason (as appeared on enquiry) of unseasonable rains soon after seed time, and of unpropitious changes in the weather near harvest time. Hence there was, immediately, an anticipation of a short yield, which anticipation was but too fully borne out by the event, for the damage turned out ultimately to be a loss of 14,743 chests, or 26 per cent. on the expected out-turn.

	Chests.
Final Estimate	... 55,724
Out-turn	... 40,981
Deficiency	... 14,743

Consequently, the prices of Bengal opium rose, and continued to range at high rates. Thus the fiscal receipts became much enhanced. Under ordinary circumstances, it might be supposed that such enhancement would be counterbalanced by short supply. If, on the one hand, we received more than was expected for the quantity disposed of, we should, on the other hand, have less quantity to offer for disposal. But, in reality, such was not the case under the circumstances necessarily produced by the existing system. While the high prices were ruling, we were disposing of full quantities drawn from the yield of the previous year. The short harvest did not affect the supplies of the period immediately following. Consequently the revenue, for a time, gained the full advantage from enhanced price on a full supply.

“Besides this temporary advantage relating to the Bengal opium, the same causes appear slightly to have stimulated the exportation of Malwa opium from Bombay. The export of this opium which pays a fixed duty per chest has somewhat exceeded the estimate.

“Again, these circumstances operated on the immediate financial out-turn in another way, which was this. The estimated outlay for Bengal opium on

the part of Government had been framed on the supposition that there would be an average yield, and, consequently, an average payment to the cultivators for their produce. But, as the produce fell short, so the payments decreased. Hence, there was a large saving on the expenditure side.

“On the receipt side there is under this item $1\frac{1}{4}$ million, or £1,214,900 more than the budget; and on the expenditure side nearly half a million, or £491,600 less than the budget. The real improvement on the receipt side is even larger than appears on the face of the accounts, for, owing to a change of system introduced during the year, the cost price of opium retailed for consumption in India has been removed from the head of Opium on the receipt side and from that of Excise on the charge side. The sum of £138,600 was the estimated receipt on this account, and this sum must be added to the increase shown in the accounts, in order that the total real improvement may be understood.

“Thus the total actual gain under opium, as compared with the original estimate of the year, amounts to more than $1\frac{3}{4}$ millions, or £1,845,100.

“The prices of Bengal opium, which stood at Rupees 1,163 per chest at the beginning of the year, that is, in April, rose gradually till they reached Rupees 1,569 per chest in November. Then they fell to Rupees 1,425 per chest in December, since which time they have remained steady on the whole, though with occasional fluctuations and indications of a tendency to decline. The average price per chest obtained for the 49,695 chests sold during the whole year has thus been Rupees 1,388, instead of Rupees 1,075 as estimated. After the fluctuations which the prices have experienced, it were vain to predict their continuance at any such rates; especially as they probably depend on the vicissitudes of season not only in India, but also in China. If there should be, simultaneously, propitious seasons in both countries, a fall in prices is to be feared. At all events, we should be on our guard against a fall in prices, which are now ranging higher than the average of recent years.

“By this great gain on opium, then, we account for nearly three-fourths of the surplus (£2,606,600) over the original estimate, in other words, for that part of the surplus which is abnormal or exceptional.

“But there still remains more than one-fourth, represented by £761,500, to be otherwise accounted for, which is of a more normal and regular character. This portion of the surplus does not at all arise from increase of receipts other than opium, for, on the contrary, there is some decrease in those receipts. It really arises from large savings in expenditure, as will be presently seen. The reductions on the side of charges amount to £1,098,800 with a set-off of £337,300 loss of receipts—bringing out the net sum of £761,500 above shown.

“I must, first, explain the decrease of revenue, which occurs, under various heads, as follows.

“Under land revenue there is a falling off of £142,700, which occurs, in Oudh owing to floods, in Bombay owing to large remissions necessitated by drought in the southern Mahratta country, and in Bengal owing to the sale of Government estates being stopped.

“Under forest there is a decrease of £146,800, partly balanced by a saving in the expenditure of £116,100.

“The salt revenue shows a falling off of £193,800, which is distributed through all the provinces and must cause some anxiety.

“The decreases under post office, telegraph, law and justice, and marine are all largely exceeded by savings shown on the other side of the account. The decrease of £25,200 under public works ordinary is owing to the transfer of receipts to provincial funds. The falling off of £25,700 in canal rents, notwithstanding the heavy expenditure of capital on these works, is not satisfactory.

"On the other hand, there are some increases, namely, £25,900 under tributes, due to a succession having occurred in the Nábha State; £224,600 under assessed taxes (Income Tax), the arrears from the preceding year having proved larger than was expected; and £64,300 under army receipts, sale of stores, and the like.

"So much for the receipt side. On the expenditure side there are reductions as follow.

"There is decrease of £33,600 under interest on service funds and other accounts—attributable to transactions with the several civil funds; of £90,100 in land revenue establishments, arising chiefly in the allowances payable to village officers in the Bombay Presidency; of £12,800 under assessed taxes; of £8,500 under customs; of £103,300 under post office, partly due to economy in India, but chiefly relating to the payments in England of the subsidy for the overland postal service; of £48,400 under telegraph; of £13,700 under minor departments; of £129,800 under law and justice, owing to general economy, but partly relating to the process serving establishment in the Madras Presidency; of £170,900 under marine, relating partly to provision of stores in England, and partly to slack work in the Bombay dockyard; of £8,100 in the ecclesiastical department, owing to vacancies remaining unfilled; of £108,400 in the miscellaneous branch, owing to improvement in exchange. The decrease in excise of £159,500 is largely nominal, as already explained with reference to the opium figures, and the decrease under stamps and stationery of £150,900 is partly owing to the transfer of stationery to the heading of administration, which accordingly shows an increase of £82,200.

"I am obliged to be brief in respect of these items, indicating only those circumstances which are special. But in general terms, it may be said that these reductions are largely (though not wholly) derived from real savings of various sorts all over the country, apparently small if reckoned singly, but making up a considerable aggregate when taken collectively.

"In respect of the army, it will be observed that the charges are not expected to increase beyond the amount set down in the budget, but that on the contrary there is to be a saving of £240,100. That increase should be avoided, is a circumstance creditable to the military authorities and indicative of saving and economy. For the estimates are burdened with two items not originally contemplated. A saving of £100,000 in the native army was reckoned upon,—which calculation was considered justifiable in the then condition of our correspondence on the subject with Her Majesty's Government. To our regret, however, we have not been able to secure that saving. Again, since the framing of the budget, it has been found necessary, as is well known, to undertake military operations against the Lushais and other wild tribes on the eastern frontier. The cost of that expedition will entail an additional charge of £200,000 during the year.

"It may therefore be asked how, notwithstanding these items of increase, the total result has not been unfavourably affected, but is turning out more favourable than the first estimate? Well, the reason is that there have been considerable savings, estimated at £480,000, or nearly half a million sterling. There is hardly time now to specify the items of which this large economy is composed. But I may state briefly the chief of them. In the first place there is a total reduction of £198,000, in various items, namely, the cost of provisioning European troops, the compensation payable to native troops for dearness of grain, the cost of feeding army remounts and commissariat cattle, the compensation for dearness of forage. Again, there have been lesser, though still appreciable, reductions in the purchase of livestock, of rum, of remounts, of campequipage; in the charges for sea transport by the Cape and for overland transit, in medical supplies, in barrack establishments and supplies, and in miscellaneous charges, by abolition of various appointments, or by vacancies left unfilled in the medical branch, in the military account department, in the

commissariat establishments—together with other reductions. On the whole, I think we may congratulate our colleague at the head of the War Department (General Norman) on the satisfactory condition of the military estimates.

“As some of the remarks made on this subject in my exposition before this Council of March 1871 have been followed by public discussion elsewhere, I am obliged to revert to that for a moment. The Council may recollect that commenting on the estimate of military expenditure *in India* for 1871-72, I remarked that the amount was the lowest that had been taken any year since the war of the mutinies. From the comments evoked by this remark, it would almost seem to be supposed that the total military expenditure (both in India itself and in England on account of India) had been reduced; that the reduction itself was made to look larger than it was; that the fact was ignored of the expenditure not having decreased in proportion to the reduction in the strength of the army in India. But if any such suppositions have been entertained by any one, they are quite incorrect.

“It has never been represented in this place that the *total* expenditure (in India itself and in England on account of India) has been reduced. The figured statements laid year by year on this table have shown the contrary. And in my exposition of March 1869, it was not only declared that, in the aggregate, the expenditure has increased despite reduction of force, but it was shown, in some detail, how this had come about. On that occasion, a brief *résumé* was given of the inevitable circumstances which have enhanced the expenditure of late years—circumstances arising from the rise of prices, from organization approved of by the Government in India and in England, from regulations applicable to India in common with all parts of the British empire, from improved armaments, from increased demands arising out of changes of system.

“These points having been already stated on a former occasion, I did not, last year, trouble the Council with a re-statement. It was indeed stated, in March 1871, that the expenditure in India was at the lowest point reached since the war of the mutinies, and thereby allusion was made not to any insignificant amount, but to a difference in our favour of £443,636, or nearly half a million. This, by itself, is fact of relevance and of consequence, inasmuch as the charges in India do, in the main, represent the effective charges of the army less stores and transport charges, which are incurred in England. And this had arisen partly from efforts and sacrifices made by the Government of India. But in stating this, nothing was further from our intention than to intimate that no further reductions of expense could be judiciously made.

“The decrease in railways, £101,300, is owing to short expenditure of capital. Less land has accordingly been taken up, and there is less loss by exchange. The head of guaranteed interest which was at one time during the year the source of some anxiety ends with a small improvement of £35,500.

“It will be observed that there is an increased charge of £101,400 for interest on the debt. This is due to large arrears of unclaimed interest having been paid during the year, partly in reference to the discharge of the 5 per cent. loan.

“In the item of provincial services there will be found an increase of £51,800; this has arisen from additional or supplementary grants made during the year to several Local Governments, to cover fresh services transferred to provincial administration, or for other reasons in special cases. Ordinarily, the allotment for these services ought not, under present arrangements, to increase, unless the services themselves be increased; in fact the comparative fixity of the grants for services which would otherwise be growing constantly,—is one of the financial merits of the scheme. But during this, the first, year after the introduction of the measure, it has been necessary to make a few special and limited concessions in order to adjust

claims relating to antecedent transactions. As one instance out of several, I may mention the allotment made for the construction of the Small Cause court-house at Calcutta, whereby the annual rent defrayable by the Government of India has been capitalized and discharged by payment of an equitably calculated sum.

"It might be premature to pronounce on the general merits of the scheme in practice after only one year's experience; but, from a financial point of view, it appears to be working well. There has been, of course, the avoidance of that friction which is inseparable from a central control over expenditure in matters specially local. There is some abridgment of labour. There has been either absence of complaint, or else expression of satisfaction, on the part of the local authorities. Here and there it may be that charges have been allowed under the new, which would have been refused under the old, system. But, on the whole, the Local Governments seem to have been stimulated in the study of economy by the new and additional interest which they are enabled to feel in their financial affairs. And, further, this is evidenced by the fact that some of these Governments have husbanded the sums at their credit, and, keeping their expenses within the limits of their grants, have begun to accumulate funds for future use.

"In previous expositions I have noticed the clearance effected in some parts of the accounts by the adjustment of long standing and unsettled items both on the credit and the debit sides. Having regard to the complexity and variety of the affairs in hand, we cannot say that no such adjustments will recur: but, as a fact, none have occurred during the year and none are immediately anticipated. One only, of any consequence, is looked for at present, and that relates to the capital of the civil service annuity funds recently abolished.

"To return to the figures then; the sum of my explanation is this—that besides the surplus of £1,845,100 from opium there is a surplus of £765,100 due to other causes. This latter amount (£761,500) is owing to large reductions in the expenditure. The budget estimate showed an equilibrium supported by a small surplus of £93,400. The regular estimate shows a surplus of 2½ millions (£2,700,000). Of the excess (£2,606,600) over the original estimate more than 1½ million is due to opium, under abnormal circumstances. But there remains three quarters of a million arising under normal circumstances of finance. Disclaiming any credit for the opium surplus, we may, perhaps, in some degree, claim credit for the remainder of the surplus, as tending to show that the original estimates were cautiously made, and that economy has been so enforced that the various departments have worked within the estimates of expenditure.

"It will be prudent to defer commenting on the consequences which may hence accrue to the position of our finance, until it shall be possible to compare this important estimate with the actual figures after closing the account. Whatever surplus shall ultimately be found to have accrued, will be, indeed, needed to compensate for deficit of former years. And, if the result now brought out shall be sustained and confirmed, its importance will be manifest—especially if considered together with the secured surplus of the year 1870-71. There would, then, be occasion for observing how far the deficit of previous years had been counterbalanced by surplus of succeeding years. Our hope is that, on the combined result of a series of years, there will be a sufficiently even balance between the incomings and outgoings of the treasury; or, in other words, that, one year taken with another, we shall have received as much as we have disbursed for ordinary expenditure, irrespective of the extraordinary account. This is a primary object of our financial management, and we shall, with unremitting effort, strive to place the attainment of the object beyond question or dispute.

"The surplus arising from comparison between income and ordinary expenditure, is irrespective of the extraordinary expenditure on reproductive public works, which is provided for by loan funds. An expenditure on this account of £3,626,000 was contemplated in the budget estimate; the regular

estimate, however, shows only £1,736,800 so spent. This latter sum has been chiefly expended on the great canal works, in the Cis-Sutlej States, from the river Sutlej; in the Agra division, from the river Jumna, below Delhi; in Behar, from the river Sone; in Orissa, from the river Mahanadi; in the delta of the Godavery, for extension of the irrigation system there. There has, also, been some expenditure on important projects, in Oudh from the river Sarda; in Rohilkhand, from the river Ganges (called the Eastern Ganges Canal); in the lower Doab, also from the Ganges: these canals being in addition to the well known Ganges Canal.

“In respect to the State railways, there has been expenditure on the lines between Lahore and Peshawar; between Delhi and Rewaree; between Agra and Ajmir; also on the project for the lines between Multan and Kotri in Sindh; between Nimar and Indor in Central India and between Dharwar and Karwar in the south Mahratta country.

“That the estimated amount has not been more fully spent, is due chiefly to prolongation of the time allowed for the elaboration of the canal projects, and partly to the unavoidable delay in determining the narrow gauge for the State railways in India.

“According to the form prescribed for the financial statement, the sum of £1,736,800, added to the £47,276,500 of ordinary expenditure, make up a total of £49,013,300, or 49 millions.

“I now arrive at the third part of the subject, namely, the budget estimate for 1872-73.

“Commencing on the receipt side, we find 21 millions (£20,900,000) under the head of land-revenue, the calculation in this instance being based, for the most part, on the estimates by the Local Governments. The amount exceeds that of previous years, and (if adjustments and transfers be for the moment put out of question) is the largest sum of land-revenue ever yet presented. The realization of this large estimate must, however, partly depend on the ensuing rainy season.

“Under forests there is an increase of £154,400, against which must be set an increase on the charge side of £110,000. The department is at present largely engaged in furnishing sleepers for the State railways. Its receipts, indeed, for the most part represent the value of work done for the service of the State. The cash receipts from private persons and from the general public are not, as yet, considerable. The financial result is therefore unimportant; and there is no profit in the strictest and narrowest sense of the term. Such being the case, there is every reason for enforcing severe economy in the expenditure of a department which is not, ordinarily, and directly, remunerative. On the other hand, the expenses (on the whole increasing from time to time) do, really, subserve the national object of husbanding and preserving that wealth of forests wherewith nature has endowed many parts of India—a wealth which would, otherwise, be wastefully and destructively expended, even up to the limit of exhaustion and extinction. In this view, our forest expenditure may be regarded as indirectly remunerative.

“In excise, there is a nominal decrease of £125,700, as the cost price of opium retailed in India is, henceforth, to be credited directly to opium, and not, intermediately, to excise.

“The item of assessed taxes I shall reserve for remark hereafter.

“The customs revenue is estimated at £2,570,000, being approximately the same as in the past year. It might be wished that the condition of trade warranted the anticipation of a large increase under this head of revenue. But the statistics of the foreign trade of India, for some years past, would not bear out such an estimate. It is not possible, at this place and time, to analyse these very interesting statistics; but I may here state that the figures for the last complete financial year, 1870-71, show the total value of imports and exports at

96½ millions; whereas the previous three years showed, for 1869-70, 100½ millions, for 1868-69, 105½ millions, for 1867-68, 99¾ millions, respectively. So far, then, 1870-71 would seem to show a falling off as compared with previous years. Even those years fail to prove a tendency towards progressive increase. And the year just closed hardly promises more than a slight improvement. Such would *prima facie* be the inference from the totals of the figures. But the inference would become less discouraging on further examination. For, as is well known, the American war imparted, from 1862 to 1865, a violent impetus to Indian trade—an impetus, indeed, too strong to last. The average trade of the five years preceding the war amounted to 52½ millions per annum. For the five years since the war, the trade has averaged 102 millions. The average increase of the latter quinquennial period over the former, then, is very considerable, and might encourage the hope that India is not losing, but is, to a large extent, maintaining, the commercial position which special circumstances enabled her for a time to acquire. Reverting to the trade of the year 1870-71, I would ask remembrance of the fact that the trade consists of two elements, merchandise and treasure. Now the total merchandise imported and exported amounted to 88¾ millions, which compares favourably enough with the 85½ millions of 1869-70, the 89 millions of 1868-69, and the 86½ millions of 1867-68. Again, for 1870-71, the exports amounting to 55½ millions represent the largest figure for any year since the American war, and, on the whole, this figure, representing the quantity of her produce which India sends to other countries, is the most important of all her commercial circumstances. Moreover, this good result was obtained, not in a year of peace, but in a year when the Franco-German war injured the trade with France and caused a diminution, by full two millions, of the exports from India to that country. The returns for the current year, so far as yet made up, promise that this favourable position will be maintained. Whatever else, then, may, or may not, be inferred in respect to our trade generally, I may say that our export trade is such as to impart hopefulness to every well-wisher of British India. Again, the imports of 1870-71, valued at 33½ millions, exceed, somewhat, the 33 millions of the preceding year. Both years are, however, rather below the sums of the two previous years. But for this there is a particular reason, in that the tariff valuations of cotton goods and metals were reduced, in 1869, by 15 per cent. Had the valuation remained the same, then the value of imports for 1870-71 would have been higher than any year since the American war. Here again, therefore, no reason for discouragement appears. On the whole, however, it must be acknowledged that, with seasons generally prosperous, such as those we have lately had, we might have hoped that the Indian population would enlarge their consumption of European articles more than they are, apparently, doing at present.

“But, if the last year and the current year have progressed fairly well as regards merchandise, why does the total trade show a diminution? Because the importation of treasure has greatly decreased of late. Even after the famous ‘drain of silver to the East’ had become mitigated, still, during the first four years after the conclusion of the American war, India imported on an average 14 millions sterling worth of treasure annually. In 1870-71, however, only 5½ millions were imported. This fact may seem, at first sight, surprising. But the surprise would be lessened if it were remembered that, during the preceding years, the importations of treasure had been large, and that, during this year, the drawings by the Secretary of State in London were high, amounting to 9 millions. During the year 1871-72, the Secretary of State’s drawings have been, again, large, £10¼ millions, and, till lately, but little treasure has been imported. For some time past, however, the importation has been rising.

“Turning to particular staples, the importation of piece goods is, in respect to quantity, satisfactory enough. But I would recall to mind what was pointed out in my last exposition, namely, that this alone would not prove a favourable condition of the trade. There have been, and perhaps still are, complaints

of difficulty of disposing profitably of these goods in the market in the interior of the country. As regards exports, cotton ($577\frac{1}{2}$ millions of lbs.), jute ($3\frac{3}{4}$ millions of cwts.), oil-seeds valued at $3\frac{1}{2}$ millions sterling, coffee ($33\frac{1}{2}$ millions of lbs.), tea ($13\frac{1}{4}$ millions of lbs.), indigo (101,421 cwts.), rice ($15\frac{3}{4}$ millions of cwts.), for the year 1870-71, represent very satisfactory quantities; and there is good hope of these quantities being maintained, perhaps even exceeded.

"The influence of the Suez canal upon the trade of India is becoming clearly perceptible. The proportion of steamers to sailing vessels in our ports is fast increasing. To and from Calcutta alone there passed through the canal during 1871 some 155 vessels carrying produce valued at 13 millions sterling. I am not able to give similar statistics for the other ports. But the facts from Calcutta will give some idea of the magnitude which the canal-borne trade is fast reaching. Not only are the less bulky and more valuable imports being carried by that route, such as pressed cotton and piece goods, but also some of the more bulky exports, such as oil-seeds and fibres, and even rice. The extent to which an important export, the fibre of jute, is being thus conveyed, may be regarded as remarkable: last year (1871) some 74 ships laden with 633,000 cwts. of this staple, among other things, passed through the canal. This, of course, is contrary to the original expectation, according to which it was supposed that for the bulky articles the Cape route would be preferred. The fact that British coal is appearing among our imports, to the partial supersession of Indian coal, is probably attributable to the canal. For the ships sailing by the Cape route, being no longer able to find freight in piece goods and the like, from England to India, are beginning to carry coal. On the other hand, despite the competition of the canal, the season has been very favourable for the sailing vessels on the old route, and freights have been more than usually high.

"I have made these observations here, because the state of trade greatly affects several items in the budget.

"The next item is salt, under which there is an increase of £106,800, the revenue estimated being, however, a fraction less than the amount actually received in 1870-71, that is, the year before last.

"The amount set down for opium, £7,700,000, or $7\frac{3}{4}$ millions, though but little below a normal estimate, is considerably less than that which we are receiving for the current year. This decrease arises, as respects Bengal, from the circumstances I have mentioned to-day, namely, the short crop of last season. That failure of supply affected only one quarter of the financial year just closed. But it will affect three quarters of the present year. For these three quarters then the quantities are known and have been already notified. The Government has further announced that it will not, in any case, sell *more* than 48,000 chests in the calendar year 1873. This has reference to the formation of a substantial reserve of opium; an object which we have long had in view; which we have been prevented from attaining by misfortune of harvest; but which we still hope to attain. The prospects of the poppy are good as yet, but we must take 951 chests from the present crop to make up the quantity advertised for sale in 1872. If the yield should prove large enough to provide this and leave a margin, it has been determined not to postpone longer the commencement of a reserve sufficient to enable us to mitigate the effects of such a failure of crop as we have experienced during the past year.

"It has been shown to-day how greatly the prospect of short supply has caused prices to rise during the late financial year, and how, despite fluctuations, these prices remain high. If they were to continue steady at these rates, or nearly at these rates, then, notwithstanding the diminished quantity of the first three quarters, there would be a high revenue. But no reliance can be placed on their remaining steady. If the yield of the coming harvest in China were to be large, the possibility of fluctuations in prices, perhaps even of a serious decline, must be borne in mind. And if such a decline were to occur while

we were disposing of the short quantities from last season, the falling off in fiscal receipts would be aggravated. Considering, then, that we must guard our financial arrangements against disturbance from failure in this precarious branch, we have assumed the price of Bengal opium at Rupees 1,200 (or £120) per chest, a price which, though considerably less than the average of prices during the past year, is yet a good deal more than the Rupees 1,075 (£107-10s.) per chest assumed in my last budget. This estimate will, I trust, be found to be safe, as it provides for the contingency of a fall in prices.

"There remains the estimate of the number of chests of Malwa opium likely to be exported, which will pay the fixed duty per chest. In framing this estimate we must be guided by the prospects of the trade and of the harvest, and the quantity of Bengal opium to be brought forward. These points having been considered, a probable number of 37,420 chests has been set down. Compared with 38,754 chests which paid duty in 1871-72, the number appears moderate. The reports of the Malwa crop now being gathered are quite satisfactory.

"The estimated exports of Malwa opium combined with the 44,175 chests of Bengal will bring up the total estimate of Indian opium for China to 81,595 chests.

"Year by year, experience brings home to us the conviction that there are few points of greater consequence to the prosperity of Indian finance than a safe and moderate estimate of the opium revenue.

"The stamp revenue is expected to amount to £2,500,000, being almost the same as the figure shown for the year just closed. The progress of this item has been satisfactory for many years. Up to 1860, the highest annual sum received from stamps was three quarters of a million, £722,156. A revision of the law then took place, which brought the yield up to $1\frac{1}{2}$ millions per annum, £1,455,633. In 1862, a further revision was made, under which the revenue rose to close on two millions per annum in 1867. Then a series of revisions, more complete than any previous undertakings, were conducted, embracing both duties leviable on judicial proceedings and on legal instruments, that is, both the judicial and the commercial branches; in these affairs our late colleague, Mr. F. R. Cockrell, had a laborious and honourable share. They were completed in 1870. The object aimed at was to simplify and readjust the scale of duties; to rather lower them on the whole; and, for increased returns, to rely mainly on improved strictness of administration. In arranging this, regard was had to the model of the English stamp law, to local custom, to the convenience of trade, and to the interests of the various classes of suitors. Under the operation of the recent legislation, the revenue has risen from 2 millions in 1866-67, (£1,923,977,) to $2\frac{1}{2}$ millions, (£2,496,000,) for the year just closed. On the whole, it may be said that, in twelve years, the stamp revenue of India has risen from three quarters of a million to $2\frac{1}{2}$ millions per annum.

"The mint receipts, arising chiefly from the seignorage on the coining of bullion presented by the public for that purpose, are governed by the considerations which I have mentioned regarding the importation of treasure. The two mints (at Calcutta and Bombay) have, for the last two years, been often in a state of enforced inaction. At present there is much more activity; there is, at times, a brisk importation of bullion; and the high rates of exchange justify hope; therefore, the estimate is based upon a calculation of eight millions worth of silver bullion being probably presented for coinage during the year, and is taken at a figure higher than that of previous years. It is still, however, moderate in amount.

"A decrease of £17,700 may be observed in post office receipts. This arises from improved arrangements respecting official postage, and does not indicate any falling off in the postage on private correspondence, which is, indeed, increasing steadily. A decrease of receipts arising from reduction in the weight of official correspondence, though it might cause the total out-turn to be diminished in the returns, would not show the financial effect adverse,

but favourable, and would only be a proof of real economy. I have noticed, in former expositions, the development of postal correspondence, public and private, in this country, now represented by 86 millions of covers annually.

"The electric telegraph receipts show a slight improvement of £13,400, which is the more satisfactory, in that the telegrams on the Government service are diminishing, while the telegrams sent by private persons and the public are increasing. There have been some modifications of tariff during the year. On the whole, the income of this department is but poor, especially as compared with its expenses. The fact that its annual income is just one quarter of a million (£249,000), while its charges are little short of half a million (£483,000), should supply an incentive for stringent economy in working expenses.

"Under the head of interest there will be seen an increase of £102,000. This is owing to the completion of the investment in government securities of the specie reserve of the paper currency nearly to the full legal limit of six millions. The note circulation which has been generally in excess of ten millions, rising up to eleven millions, afforded full justification for this measure. At the present moment, indeed, the circulation is above thirteen millions; but its continuance at this high point cannot be depended upon. The profits of the currency (consisting of interest saved) are set down at £245,670, the expenses at £7,627; leaving a net annual gain of £238,043 to the State.

"Under the heading of railways the gain by exchange is set down at £262,900: against which there is a slight set off of £33,800 on the expenditure side as loss by exchange. This credit and this debit arise from the existing arrangement, which was explained in my exposition of 1869. Thereby we gain two pence, that is, the difference between 1s. 10d. and 2s., on every rupee we receive in India on account of the guaranteed railways, and lose two pence on every rupee we pay in India on that account. For many years, while the payments for the construction of the lines were large, and the receipts from traffic earnings were small, the Indian treasury suffered a net loss by the transaction. But now, as the lines are being completed and as the traffic is developed, the scale is turned the other way, and a compensation in the shape of net gain may be looked for.

"The grand total of receipts stands at $48\frac{3}{4}$ millions (£48,771,000), apparently a moderate estimate. The amount is less than the average of the past three years. But this does not indicate any falling off in the revenues of India. The difference less is attributable to the opium prospect, to loss of assessed taxes, and to transfer of some receipts from the imperial sheet to local funds.

"On the whole, the State income, though not otherwise than flourishing, fails to evince that elasticity and that tendency to rapid growth which we might desire to see, and which would be looked for if the requirements of progress in the expenditure are to be met. And this should inspire us with caution in attempting to relinquish any existing revenue which can be collected without contravention of established economic principles.

"Let us turn next to the expenditure side. Here will be seen an increase of £1,254,300 in civil charges. This is chiefly caused by increase in the grant for the opium department of £711,700. This arises in Bengal, from provision being made for the purchase of the yield of a full crop on a somewhat extended area; from a sanctioned enhancement of ten per cent. on the price paid to the cultivator; and from increased advances on a still further expansion of cultivation. If this expenditure shall be fully incurred, it will fructify in increased receipts under this very important head.

"There are other items of less importance in the civil branch which claim a passing notice. The decrease of £129,400 in interest on the debt is owing to the loan transactions in India, to which I shall presently advert. It would have been even greater, had not some increased interest payments accrued in England. It is deemed prudent to assume the increase of £30,300 under refunds and drawbacks, because the amount paid in the year just closed has been abnor-

mally below the average. It has been necessary to provide an increase of £56,500 under land revenue by reason of the demands of some of the Local Governments for grants for the prosecution of surveys and settlements. The increase of £110,000 taken for forests is more than covered by the increase on the receipt side; the one largely depends on the other. The increase of £26,700 under salt does not indicate increased establishments, but has reference to replenishing of stock at Madras and at Sambhur in Rajpootana. The increase of £10,500 under mint provides for increased coinage on influx of bullion, and if incurred will be covered several times over by improvement on the receipt side. Of the increase of £96,200 on the post office, £50,000 are due to circumstances affecting the payment of the subsidy in England. The remaining increase arises from certain charges relating to district posts being eliminated from the miscellaneous head and classed under the proper postal head. A similar explanation is applicable to the increase of £56,100 in minor departments; the item merely relates to transfers from the miscellaneous heading. The increase of £70,700 under law and justice arises partly from debits in Madras, on account of process serving, covered by improvement on the receipt side; partly from recasting of judicial establishments in Burma; and partly from savings having occurred in the year just closed, which cannot be reckoned on during the ensuing year. The increase of £4,200 in the ecclesiastical department is attributable to the low state of that department during the past two years, vacancies being left unfilled which may require at any moment to be filled. The increase of £44,000 in political agencies is partly owing to important negotiations respecting territorial boundaries with the Shah of Persia. The increase of £119,200 under superannuation allowances springs from the increased retirement of Covenanted Civil Servants after the new orders concerning the annuity funds. Under existing arrangements, the Government has, in effect, to make up, at once, the capital value of the annuity of every civilian who retires. Before dealing with the capital of the funds we await the passing of an Act of Parliament. The diminution of £119,300 under the heading miscellaneous is caused entirely by transfers from this to other headings in consequence of improved classification in detail. The bulk of this item consists of £500,000, the estimated loss by exchange on the intended drawings by the Secretary of State of 13 crores of rupees at a rate of about one shilling and eleven pence and one-eighth for the rupee. The actual loss thus incurred in 1871-72 has been £395,480, the actual average rate of the drawings being 1s. and 11d. The present state of the exchanges warrants us in assuming a slightly improved rate, notwithstanding the substantial increase of drawings expected. The increase of £66,900 in the allotment for provincial services arises from the transfer to this head of several small services, such as museums, charitable grants, municipal rates, house rent, and the like.

"The total army charge is set down at £15,862,000, or nearly 16 millions, showing an increase of £118,100, which is due to expenditure for stores in England. In my last exposition, I stated that the charge set down for the service within India itself at £12,410,000, or nearly 12½ millions, was the lowest exhibited since the war of the mutinies, and I have to-day vindicated that statement. The corresponding item in this budget is still lower, being £12,099,700, or just 12 millions. This, too, provides for some outstanding expenses of the Lushai expedition, and includes £40,000 for camps of exercise held to be so necessary for military efficiency. It should be mentioned, however, that £100,000 have been transferred from the military grant to that for public works, it having been arranged that the barrack department shall in future be subordinate to the public works department.

"Notwithstanding this transfer, the grant for public works ordinary shows a decrease of £99,300. The Council will bear in mind that the total grant of 2½ millions (£2,332,500) now shown, is irrespective of the grants for roads and civil buildings transferred to provincial services, and comprises, partly works relating to departments under the Government of India, to agricultural im-

provement, and to the accommodation of the army. The decrease just shown cannot be regarded with complete satisfaction, even from a financial point of view. For, of late years, the necessities of our position have precluded us from adequately providing for the accommodation of the troops and for military sanitation generally. Under this stress, many works which probably must be executed sooner or later, have been unavoidably deferred or suspended, to the detriment of efficiency in some degree. I wish, indeed, there were the means of increasing the provision for these works which were pointedly alluded to in my exposition of 1869. But, under the circumstances, we are not able to propose more.

“The charge for guaranteed railway interest less net traffic receipts is set down at £1,800,000, or $1\frac{3}{4}$ million, an amount not exceeding the charges for the past two years, but still very high. The gross payment for this interest is taken at £4,724,000, or $4\frac{3}{4}$ millions, against which there is the set-off of £2,924,000, or nearly 3 millions traffic receipts in India (net after allowing for working expenses), which leaves the charge above shown. In my last exposition I noticed the abatement which must be made from the credit which would otherwise attach to this great enterprise of railway communication in India. And I am still unable to present a favourable picture of the case from a financial point of view. During the year just closed there have been, occasionally, serious fluctuations in the traffic, necessitating immediate retrenchment of working expenses. Two lines, the Sindh, Punjab and Delhi, and the Eastern Bengal, suffered much destruction in their works from violent and disastrous floods; and, in consequence, there was grave interruption in traffic. At one time there was a marked falling off in the traffic of the line hitherto regarded as the best, namely, the East Indian line. Such circumstances caused anxiety, and are being specially investigated. Happily, there has been a remarkable recovery in the traffic of this line. The Great Indian Peninsula line has been fairly successful during the year. The other lines, in southern and western India, which were not doing very well before, have, at all events, not fallen off of late. On the whole, the conditions of the guaranteed railways during the year have added one more to the many anxieties of Indian finance. The interests which the Government has at stake in these undertakings are acquiring really vast proportions. And the result is not, as yet, so favourable as might be expected. The traffic, as regards both passengers and goods, is not advancing as it apparently ought to advance. There are doubts whether the fares are such as to attract the moving and travelling masses of a poor population like that of India. There are fears that, in some cases, other modes of communication, by river and road, are proving competitors to the rail. The working expenses appear to be generally high; and, with so many railway companies, it becomes difficult to regulate them with uniform economy; on some lines the working expenses are proportionably too high; for all India they amount to more than four millions sterling per annum; and a difference, more or less, in this great item produces a perceptible effect on the State finance of the year. I say this not at all to disparage the great services which have been rendered to the country under the present system, but to explain the actual contingencies which beset our finance, and to reiterate what was indicated in my last exposition, namely, that no part of our State finance requires, at the present time, more firmness and vigilance than that which relates to the guaranteed railways.

“Before finishing my explanation of the expenditure side, I must add that the estimate of interest on funded and unfunded debt has been favourably affected by the recent loan transactions, the circumstances of which must be briefly recounted. The five per cent. loan of $16\frac{1}{4}$ millions sterling raised in 1857-58 to defray the expenses caused by the mutiny and rebellion of 1857, became repayable at the option of the Government on the 16th January 1872: that is to say, Government had engaged not to discharge it until that date, but had reserved the power, after that date, of either discharging it at any time, or of continuing to pay the interest, the only condition being that at least three months' notice

should be given of intended repayment. Considering the condition of the public credit of this country, we thought that the opportunity should be taken to reduce the five per cent. rate of interest, and to offer, in lieu of that rate, $4\frac{1}{2}$ per cent. for seven years, and, thereafter, 4 per cent., or, failing the acceptance of that offer, to discharge the loan. Accordingly, on the 16th of September 1871, the intention of discharging the loan on expiration of the term was publicly notified to the stock-holders. At the same time, an offer was made to the stock-holders of transferring their holdings to a new transfer loan bearing $4\frac{1}{2}$ per cent. interest for seven years, and, thenceforward, 4 per cent. Government engaged not to discharge this loan for the next ten years at least. This offer was restricted to $13\frac{1}{2}$ millions out of the total amount of $16\frac{1}{4}$ millions. The residue, namely, $2\frac{3}{4}$ millions, was to be discharged absolutely by means of that portion of the cash reserve of the paper currency which was, by law, available for investment in Government securities; and, in exchange for the coin thus paid out, there were to be issued to the currency department, at the market price of the day, Government promissory notes bearing four per cent. interest. In other words, the opportunity was to be taken of investing in Government securities a portion of the cash reserve of the paper currency in strict accordance with the terms of the law, and of rendering that investment as advantageous as possible by making it assist in the substitution of a four per cent. for a five per cent. rate of interest, for a part of the national debt. This had become practicable from a combination of circumstances: the paper currency had expanded, justifying an extension of the legal limit for the investment of part of the reserve in Government securities; the cash reserve had for some time past been higher than the amount necessary by law to be kept up; and thus an opportunity was being looked for, to complete the investment up to the legal limit.

"The Government offer met with general acceptance from the stock-holders. The total of the stock (held partly in England and partly in India) tendered for conversion on the terms proposed, exceeded £13,500,000, the limit fixed for the operation. But, as the Government had itself tendered a quarter of a million on behalf of the currency department, it was able, by withdrawing a portion of its own tender, to satisfy every stock-holder who had accepted the offer made by the Government within the time fixed. The currency investment has been duly effected in the manner above described. The loan of $16\frac{1}{4}$ millions having been thus discharged, the saving of interest during the next seven years will be £93,698 per annum, and, thereafter, £161,198 per annum, besides the immediate annual gain of £109,367 arising from the investment of £2,700,000 currency reserve.

"The ordinary expenditure, then, proposed for the year amounts in all to £48,534,000, or $48\frac{1}{2}$ millions. The total, though, for reasons set forth to-day, above the amount shown for the year just over (£47,276,500, or $47\frac{1}{4}$ millions), is yet low as compared with the actuals of previous years, namely—

1870-71	...	...	£49,930,695 or 50 millions.
1869-70	...	...	£50,782,412 or $50\frac{3}{4}$ "
1868-69	...	...	£52,036,722 or 52 "
1867-68	...	...	£49,542,107 or $49\frac{1}{2}$ "

"In other words, if these estimates shall be borne out by the actuals, we shall have got below the expenditure which prevailed five years ago, even allowing for the receipts (about £700,000) transferred to Provincial funds, and so deducted from both sides of the Imperial account, and that would probably be deemed satisfactory.

"Such is the budget for 1872-73, with an income of £43,771,000, and an ordinary expenditure of £48,534,000, leaving a surplus of £237,000: the result may be described as equilibrium, secured by a small surplus of a quarter of a million. Doubtless the surplus is not as large as it ought to be, but we are not able, under the circumstances, to make it larger.

"So much then for the income and ordinary expenditure of the year.

“ Besides the ordinary expenditure as above explained, there is proposed an expenditure for public works extraordinary of £2,615,000, or $2\frac{1}{2}$ millions, to be provided for from borrowed funds. To the general character of these works I have already adverted to-day.

“ According to the form prescribed for the financial statement, it will be seen that the addition of this amount brings up the total of ordinary and extraordinary expenditure to £51,149,000, or nearly $51\frac{1}{4}$ millions.

“ I must now ask the Council to revert to the item of assessed taxes. The amount set down (£570,000) shows a decrease of £254,600 as compared with the previous year. From the explanation already given to-day, it will be apparent that last year's receipts were swollen by arrear collections, which will not recur. The present moderate figure, over half a million, is assumed in consequence of the proposal which I have now to make on behalf of the Government of India, that the light income tax, which was imposed for the year 1871-72 just expired, be re-imposed, with certain modifications, for the new year 1872-73. I have accordingly to ask leave to introduce a Bill into this Council for that purpose. The measure is, manifestly indispensable, because, without it, there would be a deficit in the budget, a position which we could not contemplate so long as any fair alternative remained to us. The rate of assessment is proposed to be the same as that prescribed for the last year, namely, two pies in the rupee, or a fraction over one per cent. This rate is, as explained on previous occasions, the lowest at which the tax could be levied if retained at all.

“ The proposed modification above alluded to is this: last year, it will be recollected that the minimum income liable to assessment was raised from Rupees 500 to Rupees 750 per annum; in other words, incomes below Rupees 750 a year were exempted. It is now proposed to raise the minimum to Rupees 1,000 per annum; in other words to exempt incomes below Rupees 1,000 a year. Last year, the number of persons liable to assessment was, by altering the minimum, reduced from 480,000 to 240,000. By the further alteration now proposed, the number will probably be further reduced to 180,000. The first named exemption caused an estimated sacrifice of £150,000. The exemption now proposed will involve a further estimated sacrifice of £63,000. We were glad last year to be able to propose so large an exemption. We have further satisfaction in being able to propose an additional exemption now.

“ The unfavourable reports in respect to the working of the tax received from some parts of India have been duly considered, and suitable orders have been issued to prevent any just cause of complaint arising. From some parts of India, however, the reports have been favourable; and in many parts there is an absence of complaints. Our general conclusion is, that, whatever trouble may have existed, has been mostly removed by the exemption of a large number of the tax-payers, and by the reduction of the rate. Whatever remnant of complaint may still exist, will, it is hoped, be effectually removed by exempting incomes below Rupees 1,000 per annum. No poor or needy class would then be subject to the tax, which will be unquestionably what it was always intended to be—a tax on classes in comparatively easy circumstances.

“ With all its drawbacks, the measure has done right good service to the finances. From 1860 up to the present time, it has, in various shapes, yielded $13\frac{1}{2}$ millions to the exchequer. If our finances, one year taken with another, in a series of years, shall be found now to occupy a strong position, the tax has borne a creditable part in producing that result.

“ During our earlier deliberations regarding the budget, in January last, it was under discussion whether it would not be desirable to re-impose the tax on this occasion in combination with reductions of other taxation, either for the advantage of the mass of the people or for the remedy of politico-economic defects in our fiscal system. A mature and complete consideration of these important and complicated questions has, however, been impracticable under

existing circumstances, and the Government have felt that, in order to be just and satisfactory, the discussion of changes which may still be regarded as desirable must be reserved for a subsequent period.

“In the course which is now being adopted we have the express concurrence of the Secretary of State.

“While proposing the re-imposition of the income tax for one year, we are unable to afford any indication as to whether the income tax should or should not, in the future, be made an integral part of our fiscal system.

“The remarks made by the late Governor General, Lord Mayo, in the budget debate of last year seem applicable to the present occasion. He then said—

“‘We do not offer any opinion whether it’ (the income tax) ‘ought or ought not to be continued as a permanent part of our fiscal system. . . . The Government and this Council ought to have an opportunity of fully considering the claims for relief, of some other interests which may be considered as competing with the income tax in regard to the reduction of burden.’

“From this explanation of the receipts and charges of the year, I pass on to the fourth and last division of the subject, namely, ways and means and the cash balance account.

“The original estimate for 1871-72 showed the anticipation of a cash balance on the 31st March 1872 of £15,121,251, or 15 millions, in India, and of £2,125,283, or $2\frac{1}{4}$ millions, in England; the total being £17,246,534, or $17\frac{1}{4}$ millions. This sum was the balancing item at the end of a vast estimate embracing many and various things besides the regular finance of Government. It is now, however, expected that the amount will be £24,346,015, or $24\frac{1}{4}$ millions (being seven millions in excess of the original estimate), of which £21,640,143, or $21\frac{1}{2}$ millions, will be in India, and £2,705,872, or $2\frac{3}{4}$ millions, in England. This again is an entry in the balancing of a great estimate, and is liable to disturbance. It is, however, checked by facts of the actual balances at the principal treasuries, up to recent dates, and it will probably be found nearly correct. I shall, therefore, explain briefly the difference of £7,099,481, or 7 millions, between the original and the final estimate. In the first place the opening balance was better than estimate by £2,102,381, of which £1,293,689, or $1\frac{1}{4}$ millions, arose in England, owing to the Secretary of State having raised money for the home requirements earlier than was expected. The remainder, namely, three-quarters of a million in India, is owing to the improvement already explained of the actual account as compared with the regular estimate, and to other minor causes.

“Then the surplus on the ordinary account of the year is now estimated, as already set forth, to be £2,606,600, or $2\frac{1}{2}$ millions more than the small surplus originally estimated, and the extraordinary expenditure is expected to be £1,889,200, or nearly 2 millions less than had been estimated.

“The result of the account of the Secretary of State’s bills is more favourable than estimate by £759,100 or three quarters of a million, this large sum remaining yet to be paid in India, though already received and credited in England, and included in the cash balance there.

“The net amount borrowed during the year appears to be £278,500 more than estimate, notwithstanding that the Secretary of State raised, in 1871-72, one million (£1,086,600) less than was expected. The apparent excess upon the whole account, notwithstanding this decrease, is due to a large amount of the 5 per cent. loan of 1856-57 (more than £1,300,000) remaining as yet unpaid to our creditors, and awaiting application for payment, though the amount has been transferred to the treasury from the currency department, as already explained.

“These various causes account for a gross improvement in the balance of $7\frac{1}{2}$ millions. On the other hand, we have received £569,000, or half a million

less railway capital than was expected. Thus, the net improvement of 7 millions sterling is fully explained.

“The cash balances, which we expected to be high, have proved to be higher still. When the estimate was first put forth, the amount was held by some to be too high. In answer to criticism to the above effect, I stated in debate, before this Council, in March 1871—

“‘The matter is one of discretion in a large degree, and on consideration of all our requirements and liabilities for the coming year, I beg to assure the Council that the present amount of cash balances is not otherwise than satisfactory.’

“These anticipations have been amply justified by the experience of the year just closed. In my last exposition it was stated expressly—‘We duly bear in mind the amounts of the loans bearing interest at 5 per cent. during the coming year.’

“Accordingly, we did, in September last, proceed to deal with this portion of the public debt, amounting to $16\frac{1}{4}$ millions, in the manner described already to-day. If ever there was an occasion when the cash balances ought to have been exceptionally high, it was this. The total cash in the treasuries, even at that time of the year when the amount is usually at its lowest point, amounted to 16 millions, with, practically, a certainty of increase by January, when the period of discharge would mature. The possession of such a resource immediately available, facilitated the execution of a measure profitable to the State. It is true that the maintenance of such high balances did cause some cost to the State, appreciable indeed, though hard of exact estimation. But that is vastly exceeded, on the other hand, by the advantage derived from the strong position of the treasury and the high credit arising thereby.

“Again, the loss to the public interest, caused by the maintenance of an extraordinarily high cash balance, cannot have been at all as great as seems to have been supposed by many, or must have been outweighed by positive advantages. Objections have often been raised which, if I apprehend aright, appear to amount to this, that these large sums of money have been lying either unemployed, or inadequately employed. There might be some force in objections of this sort, if the money were in the treasury vaults as it used to be under the old system. But, under the new system, as is well known, a large part of these balances is deposited in the three presidency banks; and the banks must naturally have had the use of the money for the benefit and convenience of the public. Regarding the character and extent of this advantage, opinions may differ, but that there has been great accommodation thereby afforded to trade is unquestionable. And this has been repeatedly admitted by persons versed in the affairs of the money market.

“This circumstance is not at all adduced as a reason, *per se*, for keeping up a high balance. All I say is this, that, a high balance having, for a time, become necessary for State purposes, we have so managed that the balance should not, meanwhile, lie idle and infructuous, but should subserve indirectly the legitimate interests of commerce.

“The new official year thus commences with a total estimated balance (England and India) of $24\frac{1}{4}$ millions, as just seen, of which, if the estimates shall prove correct, $4\frac{1}{4}$ millions may be regarded as due to the accumulated surplus income of the two years 1870-71 and 1871-72. The estimate for the close of the year may be contrasted as follows:—

			31st March 1872.	31st March 1873.
			£	£
England	...	...	2,705,872	2,089,672
India	...	...	21,640,143	17,541,543
		Total	£24,346,015	£19,631,215

"The estimated balance in India of £21,640,143 or $21\frac{1}{2}$ millions, at the beginning of the new year, is an amount almost unprecedented. This condition will not continue long; nor, indeed, ought it to continue.

"By the end of the year, that is on the 31st March 1873, the amount in India, anticipated by estimate, stands at £17,541,543, or $17\frac{1}{2}$ millions. This sum, if it shall be realized, will be more than sufficient for the standard of our ordinary expenditure. But it would be premature to consider this, until we are more sure than we can be now, of really possessing the money. It might, perhaps, be possible, the cash balances continuing high, to carry on the extraordinary expenditure after the close of 1872-73, without borrowing: and that, indeed, would be a happy result.

"We have provided, as has just been seen, for an extraordinary expenditure of £2,615,000 to be defrayed from loan funds; and, for all this, there is no loan to be raised either in England or in India during the year. The expenditure therefore is to be met from the existing loan funds which are included in the cash balance. And the funds in hand are sufficient. For, one of the estimates appended to my last exposition showed a probable unexpended amount of £2,591,438 of loan money at the end of 1870-71, to be carried to account for 1871-72. The actual account of loan money spent in 1870-71, which is appended to the present statement, raises this amount to £3,149,225. During the year 1871-72, the Secretary of State has borrowed £1,408,400 or $1\frac{1}{2}$ millions in England, which, together with the balance from former years, and some minor receipts detailed in the appendix, makes up £4,580,685 or $4\frac{1}{2}$ millions. Against this, there has been an extraordinary expenditure (according to latest estimate) of £1,932,500, or 2 millions, leaving £2,648,185, or $2\frac{1}{2}$ millions, in hand. This last-named sum represents the funds available for the extraordinary expenditure of the new year 1872-73, as above shown.

"There seems, occasionally, to have been an apprehension in some quarters that money ostensibly borrowed for extraordinary public works of a directly remunerative character, would really be used for the ways and means of ordinary finance. The observations on this point in my expositions of April 1870 and March 1871 were intended to correct any such apprehension, if it really existed, and to show that since 1869-70, when the system fairly began, we have acknowledged all the moneys thus borrowed, to be a debt due to the public works department which the treasury is bound to pay. Last year, I exhibited an abstract account of these transactions, and a further account will be found among the appendices to-day. The substance of the explanation is that (subject to corrections of latest estimate) there have been borrowed up to date since 1869-70 £11,207,307 or $11\frac{1}{4}$ millions (including the Elphinstone land loan), of which £5,504,224, or $5\frac{1}{2}$ millions, have been expended on public works extraordinary, and £3,054,898, or 3 millions, have been lent to municipal and other public corporations (including the Elphinstone land advance); leaving £2,648,185 or $2\frac{1}{2}$ millions in hand for these works, and for loans of the same character, in the year just beginning. There is to be no borrowing in the year;—the amount in hand will suffice to cover the extraordinary expenditure of £2,615,000 proposed for the year: and may, indeed, leave a small margin. But, then, the advances made to municipalities must be borne in mind. We cannot say, at present, how much will be required in 1872-73 on this account, but the amount is likely to be not inconsiderable. Calcutta is borrowing for a market-place and for the extension of its drainage works, and Bombay for its immediate municipal necessities. Upon the whole, it seems likely that, by the end of 1872-73, all the loan money in hand will have been paid away.

"The fulfilment, by the general treasury, of the obligations springing from these affairs is regarded by us as most important.

"If it be thought that money has been sometimes borrowed too long beforehand, and that the provision of funds has anticipated the expenditure, then it might be said, in answer, that there are times and seasons for borrowing, and that money must be taken up when it can be most advantageously obtained. And these points have, doubtless, been well determined by the authorities in England, where the money has been chiefly borrowed. At this time, after comparing the sum total raised with the sum total expended, there remains in hand no more than enough to defray the proposed expenditure on these works in the new year, and to cover the advances to be made to municipalities.

"The bill which was adverted to in my last exposition to enable municipalities to contract financial obligations without legal question, and to practically prevent them from borrowing from any party save the State, has passed into law.

"If, notwithstanding these considerations, the anticipated amount of cash balance were yet regarded as too large, I should rejoin further that the exchequer still owes a considerable sum on the capital account with the guaranteed railways. It may be observed that $93\frac{1}{2}$ millions of railway capital have been, or are to be raised up to the end of 1871-72. This is to be counterbalanced by expenditure in England on account of the guaranteed railways, or by the payments for the construction of the lines in India. These taken together will by the end of 1871-72 amount to 90 millions, leaving a debt due by the Indian treasury on this account of $3\frac{1}{2}$ millions. This will be cleared off in due course; but the circumstance suggests carefulness, so as to maintain the cash balances in a strong and satisfactory condition.

"Such then is my explanation of the cash balances; and I maintain that, if regard be had to the liabilities of the treasury—in respect of the borrowed funds in hand for public works,—of the unexpended railway capital,—of the Secretary of State's bills outstanding—in respect of the assets of the local funds and provincial services,—of the various deposits received under many laws and various circumstances—and in respect of the absolute avoidance of borrowing for ordinary service of the State—then the amount will be found satisfactorily high, though not too high.

"In adverting to the main heads of the general cash account, I will not repeat the general description given in previous expositions, which description is applicable to the accounts both in England and India given among the appendices to-day. It will be most convenient to summarize the total figures of the two accounts in England and India taken together, as the one so much depends on the other. Suffice it to state that, on the receipt side, besides the opening balance of $24\frac{1}{2}$ millions and the Government income of $48\frac{3}{4}$ millions as shown to-day, there are railway traffic receipts, recoveries and deposits, local funds, and receipts on remittance or suspense account which bring up the total to £133,500,015, or $133\frac{1}{2}$ millions. On the payment side, besides the Government expenditure, ordinary and extraordinary, of 51 millions as shown to-day, there are railway working expenses, advances recoverable, deposits to be repaid, sums payable on bills drawn by the Secretary of State, disbursements for construction of railways in India, and some transfer entries which bring up the total to 115 millions. This deducted from the total on the receipt side, leaves the anticipated sum of £19,631,215 or $19\frac{1}{2}$ millions already mentioned as the probable balance at close of the year, that is, on the 31st March 1873.

"The appendix shows, in separate columns, an abstract of the cash account kept by the Secretary of State in London on account of India. On the receipt side there is the opening balance of $2\frac{3}{4}$ millions (£2,705,812); the amount to be received on bills of exchange drawn on India is set down at 13 millions; there will be £2,146,700 or more than 2 millions railway capital subscribed; all which, together with some smaller items, make up a total of 18 millions (£18,110,472).

On the payment side there will be an expenditure in England on account of India of $13\frac{1}{4}$ millions (£13,327,000); there will be $1\frac{1}{4}$ million (£1,160,400) paid on the remittance account; and there will be $1\frac{1}{2}$ million (£1,526,400) of withdrawals of railway capital. These, together with some smaller items, make up a total of 16 millions (£16,021,800), which, deducted from the total on the receipt side, leaves a probable closing balance on 31st March 1873 of 2 millions (£2,089,672), which amount appears to be moderate.

"In the cash accounts thus summarized there are only two points which need be selected for remark: they are, the income from local funds; and the Secretary of State's bills.

"The income of the local funds was, in my exposition for 1871-72, set down at £4,028,473, or four millions for all India. To this was to be added whatever might be received from special taxation which was then being devised by the several Local Governments. Since that time the contemplated measures have been legally authorized and carried out in the various provinces of British India. In Bengal the bill for the road cess has passed into law; but the levy has not yet commenced. The future yield is not yet known, but is calculated at £84,000 per annum, at present, with prospect of increase.

"In the North-Western Provinces there is an acreage tax in permanently settled districts, and a five per cent. cess on annual value in temporarily settled districts estimated to yield £211,000 per annum.

"In the Panjáb and Oudh there are Acts for levying rates on land, estimated to yield £132,000 and £31,000 per annum respectively.

"In the Madras Presidency there are the towns improvement Act and the local funds Act, which seem calculated to yield in all £235,000 per annum.

"In the Bombay Presidency there are Acts for taxing non-agricultural classes and for a new police rate, estimated to yield £61,000 per annum.

"The receipts from all these local sources during the broken periods of the year just closed—the first year of their introduction—have not yet been fully returned; indeed, time hardly yet admits of such a return being complete; but the total appears to be £754,000, or three quarters of a million. The greater part falls on the land, and a small part only on trades and professions. The figure is, however, approximate, and is subject to correction hereafter. In this way, the latest revised estimate for the year raises the total from 4 millions to $4\frac{3}{4}$ millions, or £4,782,473. This statement may not be fully complete; but, in so far as it is complete, it represents the aggregate of local taxation in British India. And certainly the amount does not seem excessive, as compared with the population and resources of the country and with the State income.

"As regards the bills to be drawn on India by the Secretary of State, the total has been seen in the cash account to amount to 13 millions sterling for the year 1872-73. The loss by exchange on these operations is set down in the budget estimate at £500,000. In other words, England is, during the year, to draw 13 millions from India, and the charge upon India for that operation is expected to amount to half a million. Thus India has to pay $13\frac{1}{2}$ millions in all. The amount, though serious, can be well accounted for, and can be discharged without embarrassment in the present state of the cash balances in India. It arises in this way. The expenditure ordinary in England on account of the Government of India is estimated at £8,236,800, or $8\frac{1}{4}$ millions; extraordinary (chiefly stores), for works in progress in India, at £410,200, or nearly half a million; the guaranteed railway interest at £4,680,000, or $4\frac{3}{4}$ millions. These three items make up the $13\frac{1}{4}$ millions, or £13,327,000. And, inasmuch as there is to be no money borrowed, and as the railway capital paid up during the year, £2,146,700, is, for the most part, to be 'withdrawn,' that is, expended

in England on account of the Indian railways, it follows that there is no resource but to draw on India for 13 millions.

“The 13 millions for 1872-73 represent the largest sum ever yet set down on this account. The average yearly sum during the previous five years amounted to £5,666,849, or $5\frac{1}{2}$ millions, and that for the preceding five years to £6,114,083, or upwards of 6 millions. One cause of the increase is, of course, the growth of the expenditure. Another cause is this, that, for several years, large sums (amounting to several millions yearly) of railway capital were paid in by the guaranteed companies in England. These sums were for the construction of the railways in India, and India repaid the debt by advances for the works on the spot. The arrangement *pro tanto* lessened the amount to be drawn by England on India. At this time however the works are approaching completion, and the capital subscriptions in England are becoming less and less. A further cause of increase is this, that the borrowings for Indian public works extraordinary, have been effected in England. The receipt of loan money there has, proportionably, lessened the amount to be drawn from India by bills. This year, however, there is to be no borrowing in England, and the amount receivable from India is not diminished by that reason. Lastly, in the three years 1867-70, a net sum of £5,812,728 ($5\frac{3}{4}$ millions) was received at the home treasury, from Her Majesty's Government, in repayment of advances made in India for the Abyssinian expedition, and, to this extent, the Secretary of State's bills on India were reduced in those years. But, however complete the explanation may be, there remains the fact of the very large sum to be drawn from India—a politico-economic fact of some gravity, in relation to exchange and to trade. There is neither space nor time for entering on the subject on this occasion; but the circumstances cause special interest to attach to the returns of the export trade of British India. If the country is to continue satisfactorily to bear these annual drawings of money by England, she must look more and more to disposing of her products to other nations and to obtaining thereby the resources which can alone enable her to make the annual payments in England, without monetary or other derangement within her own limits.

“Before concluding I must touch on some few matters connected with finance.

“The Government savings banks of all kinds (including those at the Presidencies, in the districts, and in regiments) have now 35,600 depositors, and £1,126,772, or near $1\frac{1}{4}$ million of deposits. The figures, if not absolutely large as yet, are annually increasing. The new district savings banks in the interior of the Bengal Presidency have, within the past year, increased from 49 to 92 in number, the number of depositors up to recent date being 2,300, and the deposits amounting to £40,374. These are only beginnings; but they will grow.

“There are now 362 money order offices in British India; the number of orders issued were, in 1870-71, 242,700, amounting in value to £1,300,600, or $1\frac{1}{2}$ million. These figures are the highest yet attained. The arrangements for a money order system between India and England (so long delayed) are now nearly complete, and will, I hope, soon be announced.

“The paper currency has been already adverted to in a former part of this exposition. It will suffice to add that some effect has been given to the arrangements promulgated last year for establishing currency agencies at the district treasuries in the interior, in addition to the previously existing offices of issue. Some 27 of these agencies have been set on foot, and more are in contemplation. In all they have had consigned to them notes to the value of a quarter of a million sterling. This, too, is a commencement, and further development is hoped for. It is matter for regret that the new five-rupee notes have not yet been received from England.

"The loan operations explained to-day have simplified the classification of the national debt of India, which may now be abstracted as follows. There are $10\frac{1}{2}$ millions (£10,663,600) bearing $5\frac{1}{2}$ per cent. interest, raised in the troublous times consequent on the war of the mutinies. This loan will not be repayable, under its conditions, until 1879, at which time there will accrue to Government an option of repaying. There is more than one million at 5 per cent. (£1,100,000). This is made up of debentures (for periods of 10 and 15 years) issued in 1867-68 to raise money for public works. There are sixteen millions (£16,033,650) at $4\frac{1}{2}$ per cent.; this includes the large item to which I have just been referring, and which, after seven years, is to bear only 4 per cent. It also includes the loan received from Maharaja Holkar and some remnant of former loans. The next item consists of $36\frac{3}{4}$ millions (£36,778,775) bearing 4 per cent. interest. This is a consolidated head comprising the loans raised up to 1832, commonly called 'the sicca fours,' the loans raised in 1842, and in subsequent years up to 1854, and the loans of 1869, one received from the Maharaja of Patiala and the other raised in open market. There is a small item of £67,900 at $3\frac{1}{2}$ per cent. Besides these rupee loans in India, there are the loans raised in England bearing 4 and 5 per cent. interest (departmentally called the 'sterling' loans, the amounts being expressed, and the interest payable, in pounds sterling). These now amount to 39 millions (£39,036,017), of which £22,200,000 bear interest at 5 per cent., and the rest, except a petty sum of £20,917 on which no interest is paid, bear interest at 4 per cent. They have been chiefly, though not entirely, raised at various times since the war of the mutinies in 1857. Thus, of the grand total of 104 millions of 'rupee' and 'sterling' loans, no less than 54 millions already bear 4 per cent. interest, and 16 millions now at $4\frac{1}{2}$, of which the greater part will bear only 4 per cent. after brief terms of years. Thirty-four millions are bearing a higher rate, and we are only prevented from dealing with these with a view to reduction of interest, by the obligatory conditions on which they were raised. The figures just given do not include the £6,299,700 East India stock, for the redemption of which a guarantee fund is accumulating.

"Now, inasmuch as the 4 per cent. stock in England and India has, during the year, commanded higher prices than ever, generally as much as 98 and 99 for 100 pounds or rupees, and has sometimes reached, even slightly exceeded, par, it would seem that the credit of the Government of India in the money market may be measured by a rate of something less than $4\frac{1}{4}$ per cent. On the whole, the public credit of British India has never at any period been in a more satisfactory position than during the year just closed.

"I shall finish this exposition by summarizing its chief points. It has been shewn, then—

"that, for 1870-71, there is an actual surplus of £1,482,990 or $1\frac{1}{2}$ million of income over ordinary expenditure, chiefly owing to increment of opium receipts;

"that, however, without this increment, there is still a moderate surplus owing to other and more normal causes;

"that, for 1871-72, there is an estimated surplus of £2,700,000 or $2\frac{3}{4}$ millions of income over ordinary expenditure, of which three-fourths are attributable to increase of opium receipts, and one-fourth, to ordinary management of the finances;

"that the ordinary expenditure has been reduced to a point lower than any which has been seen during the past five years;

“that, for 1872-73, there is estimated an equilibrium between income and ordinary expenditure, supported by a small surplus of £237,000, or one quarter of a million ;

“that the Income Tax Act for 1871-72 having expired on the 31st of March 1872, its re-imposition is proposed for 1872-73, at the same rate as before, namely a fraction above one per cent., but with the exemption of incomes between Rupees 750 and Rupees 1,000 per annum ; causing the release of 60,000 tax-payers, and a sacrifice of only £63,000 of revenue ;

“that the concession of increased financial control to the several Local Governments, in respect to certain provincial services, is working well, apparently affording satisfaction to the local authorities, and fostering a spirit of economy in administration ;

“that in addition to the previously existing local funds, fresh provincial taxation has been imposed in the various provinces of India, probably amounting in the aggregate to £750,000 per annum ;

“that, at the commencement of 1872-73, there remain upwards of $21\frac{1}{2}$ millions in hand of money borrowed for public works extraordinary, after deducting expenditure and advances on these works up to date ;

“that it is proposed to meet $2\frac{1}{2}$ millions of expenditure on these works, during 1872-73, without borrowing either in England or India ;

“that the cash balances in India, estimated at $21\frac{1}{2}$ millions on 31st March 1872, are satisfactorily large, though not too high for the requirements of the country, present and prospective ;

“that the Indian Treasury is to meet 13 crores of bills to be drawn by the Secretary of State in England upon India during 1872-73 ;

“that the rate of interest on $13\frac{1}{2}$ millions of the national debt has been reduced from 5 per cent. to $4\frac{1}{2}$ for seven years, and thereafter to 4 per cent., and that $2\frac{3}{4}$ millions have been discharged ;

“that the investment of the specie reserve of the paper currency has been completed nearly up to the legal limit of six millions sterling ;

“that the establishment of district savings banks is gradually, but surely, extending in the interior of the country.

“I must now conclude this exposition. In previous expositions I have dwelt on the principles which have guided our financial policy. There is now nothing to be added thereto. I can only say that, throughout the past year, those principles have been followed, and have on this occasion, with your Lordship's support, been firmly maintained. And, certainly, a retrospect of results should encourage us to persevere in our present course. For the ordinary finance is in a condition of surplus ; expenditure is kept within limits ; the treasury is full ; and the State credit is high, higher, perhaps, than it has ever been. But, though something has been accomplished, still much remains for accomplishment in the way of fiscal and economic improvement. And that should serve as a further incentive for perseverance.”

The Hon'ble MR. BULLEN SMITH said :—“ My Lord, it is not my intention to oppose the application which has just been made by the Hon'ble Member, or to express, now, any opinion upon the measure which the proposed Bill contains. I am glad the Hon'ble Member has seen his way to some modification upon the income-tax as last existing, and I am especially glad to hear such an authoritative declaration on the part of the Government, that they regard, and have

always regarded, the tax as one only applicable to persons in easy circumstances, which has assuredly not been its character hitherto. I need not say that I believe the hon'ble gentleman to be quite sincere when he says that Government do not yet absolutely consider this income-tax as an integral part of their fiscal system; but when I look at the percentage this item bears to the entire revenues of the country, somehow or other I feel tolerably confident that its renewal will again next year be asked at the hands of the Council, and to my own mind it comes home very much as a permanent measure, from which point of view I feel bound practically to consider it. The Hon'ble Member has told us in his exposition that the reports upon this tax furnished to Government have been of a varying nature, some favourable, others the reverse! Looking to the importance of this matter, on which there has been so much discussion for the last three years, it seems only reasonable that the Committee to whom the proposed Bill is to be committed should be in possession of all possible information bearing on the subject. Without, therefore, making any substantive motion, I would express the hope that the Hon'ble the Financial Member will, with your Lordship's permission, see that the Committee are furnished with all the reports now in possession of the Government, tending to elucidate the working of this tax throughout the country."

The Hon'ble MR. STEWART said:—"My Lord, I shall not trouble the Council with any lengthened remarks on the present occasion. Like my hon'ble friend who has just spoken, I do not intend to oppose the Finance Member's application for leave to introduce a Bill for the taxation of incomes; but also like my hon'ble friend, and for very much the same reasons, I think it is very desirable that the Committee and the Council should be put in possession of the papers which he has expressed a wish that your Lordship would be good enough to furnish. I understand from what Sir Richard Temple has said, that Government have not made up their mind that the income-tax is to be a permanent tax; but I think we may fairly conclude that it will be brought up for consideration year by year. The Hon'ble Member has said that some of the papers now asked for report favourably, and that others report unfavourably of the working of the tax; and I think it is very important that the Committee and the Council should have before them the reports of the various Local Governments in considering the question of the income-tax, both in regard to its own merits or demerits, and as a part of the fiscal scheme which has now been propounded."

The Hon'ble MR. STEPHEN had just one observation to make in regard to what had fallen from his hon'ble friends, Mr. Bullen Smith and Mr. Stewart, as to the prospects of the permanency of this tax. He thought it a matter so obvious as hardly to require to be pointed out, but it was well that the Council should be distinctly reminded, that the position of the Government at present was peculiar and of a provisional nature; the arrival was expected in the course of a few days of a new Governor General, and, under the circumstances, the Budget now laid before the Council was to be taken as a provisional Budget. He therefore thought that whatever enquiry Hon'ble Members might think necessary to make as to the working of the income-tax, would be better made when the Government of India was in a position to propose more permanent arrangements. It was obvious, moreover, that the measure now proposed should, for the reasons given, be passed without delay, and it was impossible to carry out any full enquiry at the present time.

The Hon'ble MR. CHAPMAN thought the request for information was only fair. It was usual for the Executive Government to afford full information regarding all measures which the Council were required to deal with,

and he could not see why a difference should be made on the present occasion. Complaints had been made of gross mal-administration in the working of the income-tax, and it appeared to him proper that the Council should know what foundation there was for these complaints. He hoped, therefore, that the Government would comply with the request that had been made that the Committee should be supplied with all the information available on the subject. He was well aware that the time before the Council was short, but he was sure that the members of the Committee would be quite satisfied if they were allowed access to the papers, and would not require that they should be printed.

The Hon'ble MR. ROBINSON said :—" My Lord, I beg to add my support to the request made by the Hon'ble Mr. Bullen Smith, that all the papers received by the Government of India on the subject of the income-tax and its administration throughout the country may be communicated to this Council and the Select Committee to which the Bill will be referred.

" What has fallen from the Hon'ble Member in charge of the Finance Department satisfies me that the time has fully come when the incidence of this tax on the various kinds of property and persons affected thereby—more especially in respect to the already heavily burdened incomes derived from land—should be thoroughly sifted and examined, and the administration of the tax faithfully canvassed.

" And, my Lord, I earnestly trust that the Government of India will likewise be able to fulfil your Lordship's promise to furnish, so far as may be conveniently done, a full statement of the local and municipal taxation and other burdens of every kind which fall on the people throughout the country. For I must admit that I have been taken by surprise by the assertion of the Hon'ble Sir Richard Temple, that this taxation in all parts of the country amounts only to £700,000. Why, my Lord, I know that in Madras, under the Local Fund Budget of this year alone, between £500,000 and £600,000 are in course of collection."

His Excellency THE PRESIDENT here observed that £700,000 was the increase over former taxation under this head.

MR. ROBINSON then continued :—" I regret to find I have misapprehended the meaning of this part of the Hon'ble Member's exposition, but I still think some serious misapprehension has occurred, which can only be elucidated by the production of the statement which your Excellency has graciously expressed your willingness to communicate."

The Hon'ble MR. INGLIS said it was true that the Bill which the Hon'ble Sir Richard Temple asked leave to introduce limited the income-tax to one year; but the re-imposition of the tax for even this short time, when the finances of the country were in the flourishing condition they appeared to be in from the statement just read out, indicated very clearly an intention to convert the tax into a permanent source of income instead of keeping it as a resource to fall back upon on occasions of emergency, as had hitherto been done. This being the case, their vote on the Bill now introduced assumed an importance it would not otherwise have, and it became very necessary that they should have before them the fullest information obtainable on the working of the tax during the years it had been levied since 1860. He therefore supported the request made by the Hon'ble Mr. Bullen Smith, and trusted that every report on the tax, which had been received from the various Local Governments since 1860, might be laid before them.

His Honour THE LIEUTENANT-GOVERNOR thought that the Government could only be justified in the course which they had followed in proposing the renewal of the income-tax for one year by the circumstances alluded to

by Mr. Stephen. No doubt, under the peculiar circumstances, that course might be excused. But he had before expressed an opinion, which all subsequent experience and enquiries had strongly confirmed, namely, that the income-tax was not a proper tax to use from year to year to supplement any deficiency in the financial accounts when there happened to be a deficiency. He thought that it was a most undesirable and injurious course to wait till the very end of the year, when the accounts were made up, and then to propose an income-tax if there were a deficiency. He was very strongly of opinion that the tax should not be used in that way—that it should either be in some form adopted as a permanent engine of taxation or abandoned. He thought that much irritation and injury, and much evil in many ways, were caused by uncertainty on the subject, and that it was impossible to administer it properly unless the system was deliberately settled. There was much, very much, to be said against the present tax; there was also much to be said in favour of a tax which touched classes not otherwise sufficiently taxed, if it could be properly adjusted. He had most strongly urged last year that, before the subject was brought up again, the Government should sift the matter thoroughly, and should deliberately decide to make or not to make such a tax part of our system. No doubt, recent lamentable events had made such a determination impossible. He felt that it could not be expected of the Viceroy, in his present position, that he should take upon himself the responsibility of so grave a determination at this time, when a new head of the Government was about to arrive, and therefore he was willing to concede that, at present, the only thing to be done was to continue things as they were. At the same time, he must express his very earnest hope that the Government would consider the matter very thoroughly before next season, and that, if the income-tax were to be continued, its form should be revised and examined by the experienced men composing this Council. With respect to the demand for papers, he must point out to his hon'ble colleagues that it was quite impossible that, so late in the day and at this season of the year, they could make any real and substantial enquiry into this great and difficult subject. To give them papers with that object would be a mere farce, and he thought his friends, the Hon'ble Members who had spoken, would feel with him that if the proposal of the Government was to be accepted, there was nothing for it but to accept it without more ado, considering that, under the circumstances, no more deliberate course was possible, and that they must just continue the Bill as it was for another year, without pretending to make a serious enquiry.

The Hon'ble MR. ELLIS desired to correct the impression of his hon'ble friend, Mr. Bullen Smith, that, in proposing the re-imposition of the income-tax for one year, the Government was virtually re-imposing it in permanence. The unfortunate circumstances to which the hon'ble Mr. Stephen had referred entirely precluded Government at present from adopting any decided course of permanent fiscal policy. It was only possible to do what was necessary to provide for the finances of the coming year, without reference to the question whether the income-tax or any other tax should remain part of the fiscal system permanently. For his own part, he (MR. ELLIS) much regretted this necessity, for he was very decidedly of opinion that one of the most obvious causes of the evils alleged to be caused by the income-tax was its temporary character, and he believed that the most serious of the objections taken to the tax would be absolutely without foundation if the income-tax became permanently incorporated with the system of taxation in British India. It was therefore with much regret that he had to admit that the circumstances under which Government was at present placed prevented the possibility of entertaining the question whether the income-tax ought not to be continued without being limited to the period of one year. The Hon'ble Member who had moved for papers might thus rest assured that his impression that the tax was virtually being re-imposed in permanence was incorrect, and he (MR. ELLIS) hoped it would be seen that, as the question was really, and not nominally, confined to such very narrow limits, the production of papers could serve no useful end. Moreover, the papers which would be produced, if the request

were complied with, referred to a state of things very different from that which would result from the present Bill. These papers related to a period of high rates and a low minimum—to times when the rate was 2 or even $3\frac{1}{2}$ per cent., and when the minimum was at 200, 500, or 750; whereas the present Bill was to impose a rate of one per cent., and would leave untaxed all incomes below the minimum of 1,000. Now, as it was generally admitted that the oppression and corruption alleged as prominent objections to the income-tax occurred mainly, if not wholly, among those affected by the low minimum, and not among the higher classes, the production of papers relating to so very widely different a state of things might mislead rather than inform the members in respect to the present Bill. He (MR. ELLIS) thought, therefore, that it would be inexpedient to produce any papers such as his hon'ble friend, Mr. Bullen Smith, had asked for.

The Hon'ble SIR RICHARD TEMPLE would oppose the motion for papers on the grounds stated by his hon'ble colleague Mr. Stephen, by His Honour the Lieutenant-Governor and by the Hon'ble Mr. Ellis. He would remind the Council that during the past year a great number of papers about the working of the income-tax had been published; those that the Government of India thought fit to be made public had been published under their orders, and others had been made public by Local Governments in the exercise of their discretion. He could see no reason for laying before the Committee papers which might be more or less of a confidential character, which related to many things besides the income-tax, and which might have been written at periods antecedent to the period now under consideration.

He would make one observation with reference to what had fallen from his hon'ble friend, Mr. Robinson, who seemed to suppose that the local taxation of the country had been set down at only three quarters of a million. It was quite clear that his hon'ble friend had not seen fit to honour him with his attention during the reading of the Budget exposition, but he would not trouble the Council by reading any portion of it again. His hon'ble friend would find, when he read the exposition carefully, as he no doubt would do, that the amount of local taxation was put down at four millions *plus* the three quarters of a million of new taxation, in all four millions and three quarters. As SIR RICHARD TEMPLE had stated in the exposition, he was not sure that the four millions and three quarters at which he had estimated the local taxation was quite correct. That amount was taken from returns submitted by the Local Governments; but he was not sure that they had been able accurately to discriminate between the proceeds of old and new taxation. He had given the figures as nearly as possible from information furnished by the Local Governments, and it was possible that they might not prove to be quite correct. But the attempt had been made, in deference to a request recently preferred by an Hon'ble Member on the left, Mr. Chapman.

The Hon'ble MR. ROBINSON said:—"I beg, with your Excellency's permission, to ask whether the Hon'ble Member's statement that £700,000, *plus* the former taxation described by him, includes all municipal taxation as well as that which is raised for local purposes."

The Hon'ble SIR RICHARD TEMPLE replied that it included the amounts raised by taxation imposed under the local laws passed last year: it did not include all local taxation.

The Hon'ble MR. ROBINSON remarked that he thought there must be some mistake somewhere.

The Motion was put and agreed to.

The Hon'ble SIR RICHARD TEMPLE applied to His Excellency the President to suspend the Rules for the Conduct of Business to enable him to move that the Bill be introduced and referred to a Select Committee with instructions to report on the 16th instant. In doing so, he hoped that the interval would be sufficient to receive communications from the great centres of trade throughout the country, and that it would give the Members of the Committee full time to mature their opinion, and to express themselves in the debate which would

take place on the 16th or 17th instant, on which occasion he should be happy to give the Council any explanation in his power, or to make such reply as might appear necessary.

His Excellency THE PRESIDENT said:—"Before putting the original motion, I desire to say a few words respecting the proposal of my hon'ble friends on the left.

"The Hon'ble Mr. Bullen Smith has expressed the hope that Government will place at the disposal of the Council and of the Committee charged with the examination of the present Bill whatever information they can communicate respecting the working of the income-tax. The Hon'ble Mr. Chapman has more distinctly asked for *all* the papers in the possession of Government on this subject. If the question under consideration could be fully discussed on its real merits on the present occasion, I should, personally, be inclined to make the most liberal communication of papers to the Committee and the Council; but after what has been stated by the Hon'ble Mr. Stephen and others, I trust that my hon'ble friends on the left will recognize that the arrangement now proposed is essentially one of a provisional and transitory character; that no searching and definitive enquiry into the incidence and effects of the tax could possibly be carried out at the present conjuncture, and that such an investigation might be made with far greater propriety and advantage nine or ten months hence, when the future Viceroy has been enabled to make himself acquainted with the fiscal condition of the country. My hon'ble friends have not made any substantive motion: they have only expressed a desire, and I trust that they will not consider it necessary to press the matter; for the Government could not encourage the notion of an enquiry in Committee under existing circumstances. As the Hon'ble Mr. Chapman has asked for *all* the papers in the possession of Government, I think it right to say that the Government would in any case reserve to themselves a full discretion to determine what ought to be imparted and what ought not; but, as I said before, I make no doubt this discretion would be exercised in a liberal spirit.

"As the Hon'ble Mr. Robinson has alluded to the question of municipal and local taxation—a subject adverted to on a previous occasion by the Hon'ble Mr. Chapman—I must express my regret that the Financial Department are not able to make as full and accurate a communication on this subject as might be desired. I still think that a complete picture of local and municipal taxation in the whole Empire should be presented to the public and the Council. As far as Madras is concerned, I have already made the communication to my hon'ble friend, Mr. Chapman, but it will be probably found that, on this subject, the returns are more advanced from Madras than from any other Presidency or Province."

THE PRESIDENT then declared the rules suspended.

The Hon'ble SIR, RICHARD TEMPLE then introduced the Bill and moved that it be referred to a Select Committee with instructions to report on Tuesday the 16th.

The Hon'ble MR. STEPHEN explained that the Bill before the Council was contained in three lines, and simply revived the Act passed last year for one year more, commencing from the first of April 1872, and raised the minimum of incomes liable to assessment to rupees 1,000. That was the whole Bill, so that the substantive question raised by it would be the simplest possible, namely, whether the tax on that scale should be levied for one year.

The Motion was put and agreed to.

The following Select Committee was named:—

On the Bill for the purpose of imposing duties on income arising from offices, property, professions, and trades—His Honour the Lieutenant-Governor, the Hon'ble Messrs. Strachey, Stephen, Ellis, Inglis, Stewart and Bullen Smith and the Mover.

The Council adjourned to Tuesday, the 9th April 1872.

CALCUTTA,
The 6th April 1872.

H. S. CUNNINGHAM,
Offg. Secy. to the Council of the Govr. Genl.
for making Laws and Regulations.

ENGLAND

Budget Esti

REVENUES AND RECEIPTS.	ACTUALS, 1870-71.	BUDGET ESTIMATE, 1871-72.	REGULAR ESTIMATE, 1871-72.	INCREASE.	DECREASE.	BUDGET ESTIMATE, 1872-73.	BUDGET COMPARED WITH REGULAR.
	£	£	£	£	£	£	£
I.—LAND REVENUE ...	20,622,823	20,709,700	20,567,000	.....	142,700	20,900,000	+333,000
II.—TRIBUTES AND CONTRIBU- TIONS FROM N. STATES	719,421	730,100	756,000	25,900	.....	728,000	—28,000
III.—FOREST ...	453,442	573,400	426,600	.....	146,800	581,000	+154,400
IV.—EXCISE ON SPIRITS AND DRUGS ...	2,374,465	2,351,100	2,361,700	10,600	.....	2,236,000	—125,700
V.—ASSESSED TAXES ...	2,072,025	600,000	824,600	224,600	.....	570,000	—254,600
VI.—CUSTOMS ...	2,610,789	2,556,800	2,560,200	3,400	.....	2,570,000	+9,800
VII.—SALT ...	6,106,280	6,190,000	5,996,200	.....	193,800	6,103,000	+106,800
VIII.—OPIUM ...	8,045,459	8,038,500	9,253,400	1,214,900	.....	7,700,000	—1,553,400
IX.—STAMPS ...	2,510,316	2,542,100	2,496,000	.....	46,100	2,500,000	+4,000
X.—MINT ...	33,400	40,600	90,600	50,000	.....	160,000	+69,400
XI.—POST OFFICE ...	805,235	865,600	803,700	.....	61,900	786,000	—17,700
XII.—TELEGRAPH ...	247,010	245,600	235,600	... ..	10,000	249,000	+13,400
XIII.—LAW AND JUSTICE ...	746,898	466,600	377,000	.....	89,600	408,000	+31,000
POLICE ...	270,971	... ..	.....	... ..	.....	.....	... ..
XIV.—MARINE ...	333,145	237,900	196,500	.....	41,400	192,000	—4,500
EDUCATION ...	61,610	... ..	... ..	.....	.....	... ..	... ..
XV.—INTEREST ...	341,001	339,900	364,000	24,100	.....	466,000	+102,000
XVI.—MISCELLANEOUS ...	1,181,668	928,300	970,100	41,800	.....	932,000	—38,100
TOTAL ...	49,535,958	47,416,200	48,279,200	863,000	.....	47,081,000	—1,198,200
ARMY ...	962,148	819,000	883,300	64,300	.....	889,000	+5,700
PUBLIC WORKS ORDINARY ...	119,134	109,900	84,700	.....	25,200	48,000	—36,700
PUBLIC WORKS IRRIGATION ...	485,537	496,300	470,600	... ..	25,700	482,000	+11,400
RAILWAYS... ..	310,908	257,500	258,700	1,200	.....	271,000	+12,300
TOTAL ...	51,413,685	49,098,900	49,976,500	877,600	... ..	48,771,000	—1,205,500
DEFICIT INCLUDING P. W. EXTRA- ORDINARY ...	.....	3,532,600	... ..	.....	.....	2,378,000	.....

FORT WILLIAM;
FINANCIAL DEPARTMENT,
The 6th April 1872

G. FITZGERALD,
Offg. Deputy Comptroller General.

AND INDIA.

mate, 1872-73.

EXPENDITURE.	ACTUALS, 1870-71.	BUDGET ESTIMATE, 1871-72.	REGULAR ESTIMATE, 1871-72.	INCREASE.	DECREASE.	BUDGET ESTIMATE, 1872-73.	BUDGET COMPARED WITH REGU- LAR.
	£	£	£	£	£	£	£
1.—INTEREST ON FUNDED AND UNFUNDED DEBT ...	5,309,654	5,372,000	5,473,400	101,400	.....	5,344,000	—129,400
2.—INTEREST ON SERVICE FUNDS AND OTHER ACCOUNTS ...	530,491	528,100	494,500	.....	33,600	527,000	+32,500
3.—REFUNDS AND DRAWBACKS ...	356,431	336,000	286,700	.....	49,300	317,000	+30,300
4.—LAND REVENUE ...	2,422,856	2,530,600	2,440,500	.....	90,100	2,497,000	+56,500
5.—FOREST ...	373,349	451,100	335,000	.....	116,100	445,000	+110,000
6.—EXCISE ON SPIRITS AND DRUGS	293,477	294,700	135,200	.....	159,500	147,000	+11,800
7.—ASSESSED TAXES ...	43,991	43,400	30,600	.....	12,800	31,000	+400
8.—CUSTOMS ...	186,991	193,400	184,900	.....	8,500	189,000	+4,100
9.—SALT ...	389,964	462,700	462,300	.....	400	489,000	+26,700
10.—OPIUM ...	2,014,425	2,102,900	1,611,300	.....	491,600	2,323,000	+711,700
11.—STAMPS AND STATIONERY ...	322,521	255,500	104,600	.....	150,900	87,000	—17,600
12.—MINT ...	66,259	71,700	78,500	6,800	.....	89,000	+10,500
13.—POST OFFICE ...	754,940	755,100	651,800	.....	103,300	748,000	+96,200
14.—TELEGRAPH ...	482,545	515,500	467,100	.....	48,400	483,000	+15,900
15.—ADMINISTRATION ...	1,360,171	1,437,200	1,519,400	82,200	.....	1,530,000	+10,600
16.—MINOR DEPARTMENTS ...	212,897	235,600	221,900	.....	13,700	278,000	+56,100
17.—LAW AND JUSTICE ...	2,996,190	2,427,100	2,297,300	.....	129,800	2,368,000	+70,700
POLICE ...	2,275,335	.....	.....	.....	.....	.....	.....
18.—MARINE ...	759,770	777,800	606,900	.....	170,900	639,000	+32,100
EDUCATION ...	624,690	.....	.....	.....	.....	.....	.....
19.—ECCLESIASTICAL ...	153,544	164,900	156,800	.....	8,100	161,000	+4,200
20.—MEDICAL SERVICES ...	523,486	170,400	175,800	5,400	.....	178,000	+2,200
PRINTING ...	200,867	.....	.....	.....	.....	.....	.....
21.—POLITICAL AGENCIES ...	352,966	299,900	303,000	3,100	.....	347,000	+44,000
22.—ALLOWANCES AND ASSIGNMENTS UNDER TREATIES AND ENGAGEMENTS ...	1,756,973	1,720,800	1,722,000	1,200	.....	1,730,000	+8,000
23.—SUPERANNUATION, RETIRED AND COMPASSIONATE ALLOWANCES ...	1,450,763	1,425,700	1,450,800	25,100	.....	1,570,000	+119,200
24.—MISCELLANEOUS ...	1,391,689	1,192,700	1,084,300	.....	108,400	965,000	—119,300
25.—ALLOTMENT FOR PROVINCIAL SERVICES ...	200,000	4,799,300	4,851,100	51,800	.....	4,918,000	+66,900
TOTAL CIVIL ...	27,807,235	28,564,100	27,145,700	.....	1,418,400	28,400,000	+1,254,300
ARMY ...	16,074,799	15,984,000	15,743,900	.....	240,100	15,862,000	+118,100
PUBLIC WORKS ORDINARY ...	3,945,967	2,365,000	2,431,300	66,300	.....	2,332,000	—99,300
RAILWAYS ...	267,883	235,500	134,200	.....	101,300	140,000	+5,800
GUARANTEED INTEREST ON RAILWAY CAPITAL, LESS NET TRAFFIC RECEIPTS*	1,834,811	1,856,900	1,821,400	.....	35,500	1,800,000	—21,400
TOTAL ORDINARY ...	49,930,695	49,005,500	47,276,500	.....	1,729,000	48,534,000	+1,257,500
PUBLIC WORKS EXTRAORDINARY ...	1,167,810	3,626,000	1,736,800	.....	1,889,200	2,615,000	+878,200
TOTAL ...	51,098,505	52,631,500	49,013,300	.....	3,618,200	51,149,000	+2,135,700
SURPLUS EXCLUDING P. W. EXTRAORDINARY ...	1,482,990	93,400	2,700,000	.....	.....	237,000	.....
SURPLUS INCLUDING P. W. EXTRAORDINARY ...	315,180	.....	963,200	.....	.....	.....	.....
GUARANTEED INTEREST*	4,391,592	4,638,600	4,592,600	.....	.....	4,724,000	.....
NET TRAFFIC RECEIPTS ...	2,556,781	2,781,700	2,771,200	.....	.....	2,924,000	.....
GUARANTEED INTEREST, LESS NET TRAFFIC RECEIPTS ...	1,834,811	1,856,900	1,821,400	.....	.....	1,800,000	.....

HUGH SANDEMAN,

Offg. Comptroller General.

R. B. CHAPMAN,

Secy. to the Govt. of India.

IN
Budget Estimate,

RECEIPTS.	ACTUALS, 1870-71.	BUDGET ESTIMATE, 1871-72.	REGULAR ESTIMATE, 1871-72.	INCREASE.	DECREASE.	BUDGET ESTIMATE, 1872-73.	BUDGET COMPARED WITH REGULAR.
	£	£	£	£	£	£	£
I.—LAND REVENUE ...	20,622,823	20,709,700	20,567,000	...	1,42,700	20,900,000	+ 333,000
II.—TRIBUTES AND CONTRI- BUTIONS FROM NATIVE STATES ...	719,421	730,100	756,000	25,900	...	728,000	—28,000
III.—FOREST ...	453,442	573,400	426,600	...	146,800	581,000	+ 154,400
IV.—EXCISE ON SPIRITS AND DRUGS ...	2,374,465	2,351,100	2,361,700	10,600	...	2,236,000	—125,700
V.—ASSESSED TAXES ...	2,072,025	600,000	824,600	224,600	...	570,000	—254,600
VI.—CUSTOMS ...	2,610,789	2,556,800	2,560,200	3,400	...	2,570,000	+ 9,800
VII.—SALT ...	6,106,280	6,190,000	5,996,200	...	193,800	6,103,000	+ 106,800
VIII.—OPIUM ...	8,045,459	8,038,500	9,253,400	1,214,900	...	7,700,000	—1,553,400
IX.—STAMPS ...	2,510,316	2,542,100	2,496,000	...	46,100	2,500,000	+ 4,000
X.—MINT ...	33,400	40,600	90,600	50,000	...	160,000	+ 69,400
XI.—POST OFFICE ...	805,235	865,600	803,700	...	61,900	786,000	—17,700
XII.—TELEGRAPH ...	227,402	213,600	212,700	...	900	236,000	+ 23,300
XIII.—LAW AND JUSTICE ...	746,898	466,600	377,000	...	89,600	408,000	+ 31,000
POLICE ...	270,971	...	...	...	...	...	...
XIV.—MARINE ...	333,145	237,900	194,600	...	43,300	192,000	—2,600
EDUCATION ...	61,610	...	...	...	...	...	...
XV.—INTEREST ...	297,715	309,900	333,000	23,100	...	451,000	+ 118,000
XVI.—MISCELLANEOUS ...	1,084,829	841,300	866,300	25,000	...	828,200	—38,100
	49,376,225	47,267,200	48,119,600	852,400	...	46,949,200	—1,170,400
ARMY ...	943,685	805,000	860,800	55,800	...	839,900	—20,900
PUBLIC WORKS ORDINARY ...	119,134	109,900	84,700	...	25,200	48,000	—36,700
PUBLIC WORKS IRRIGATION ...	485,537	496,300	470,600	...	25,700	482,000	+ 11,400
RAILWAYS ...	310,908	257,500	258,700	1,200	...	271,000	+ 12,300
TOTAL ...	51,235,489	48,935,900	49,794,400	858,500	...	48,590,100	—1,204,300

FORT WILLIAM;
FINANCIAL DEPARTMENT,
The 6th April 1872.

G. FITZGERALD,
Offg. Deputy Comptroller General.

DIA.

1872-73.

EXPENDITURE.	ACTUALS, 1870-71.	BUDGET ESTIMATE, 1871-72.	REGULAR ESTIMATE, 1871-72.	INCREASE.	DECREASE.	BUDGET ESTIMATE, 1872-73.	BUDGET COMPARED WITH REGULAR.
	£	£	£	£	£	£	£
1.—INTEREST ON FUNDED AND UNFUNDED DEBT ...	2,960,130	2,942,300	3,036,400	94,100	...	2,875,100	—161,300
2.—DITTO SERVICE FUNDS, &C.	530,491	528,100	494,500	...	33,600	527,000	+32,500
3.—REFUNDS AND DRAWBACKS...	356,431	336,000	286,700	...	49,300	317,000	+30,300
4.—LAND REVENUE ...	2,422,856	2,530,600	2,440,500	...	90,100	2,497,000	+56,500
5.—FOREST ...	373,349	451,100	335,000	...	116,100	445,000	+110,000
6.—EXCISE ON SPIRITS AND DRUGS ...	293,477	294,700	135,200	...	159,500	147,000	+11,800
7.—ASSESSED TAXES ...	43,991	43,400	30,600	...	12,800	31,000	+400
8.—CUSTOMS ...	186,991	193,400	184,900	...	8,500	189,000	+4,100
9.—SALT ...	389,964	462,700	462,300	...	400	489,000	+26,700
10.—OPIUM ...	2,014,425	2,102,900	1,611,300	...	491,600	2,323,000	+711,700
11.—STAMPS AND STATIONERY ...	134,418	141,200	87,600	...	53,600	76,900	—10,700
12.—MINT ...	59,532	59,400	73,300	13,900	...	86,400	13,100
13.—POST OFFICE ...	613,041	646,600	611,900	...	34,700	658,400	+46,500
14.—TELEGRAPH ...	380,588	351,500	384,400	32,900	...	364,000	—20,400
15.—ADMINISTRATION ...	1,153,192	1,229,800	1,219,800	...	10,000	1,244,800	25,000
16.—MINOR DEPARTMENTS ...	212,897	235,600	221,900	...	13,700	278,000	+56,100
17.—LAW AND JUSTICE ...	2,996,190	2,427,100	2,297,300	...	129,800	2,368,000	+70,700
POLICE ...	2,275,335	...	...	...	...	...	...
18.—MARINE ...	475,602	487,100	394,700	...	92,400	394,400	—300
EDUCATION ...	624,690	...	...	...	...	...	...
19.—ECCLESIASTICAL ...	153,544	164,900	156,800	...	8,100	161,000	+4,200
20.—MEDICAL ...	523,486	170,400	175,800	5,400	...	178,000	+2,200
PRINTING ...	200,867	...	...	...	...	...	...
21.—POLITICAL AGENCIES ...	291,459	262,900	256,000	...	6,900	292,000	+36,000
22.—ALLOWANCES AND ASSIGN- MENTS UNDER TREATIES AND ENGAGEMENTS ...	1,737,637	1,701,500	1,702,700	1,200	...	1,710,700	+8,000
23.—SUPERANNUATION, RETIRED, AND COMPASSIONATE AL- LOWANCES ...	655,969	628,700	618,800	...	9,900	737,000	+118,200
24.—MISCELLANEOUS ...	1,010,530	866,300	745,500	...	120,800	661,300	—84,200
25.—ALLOTMENTS FOR PROVIN- CIAL SERVICES ...	200,000	4,799,300	4,851,100	51,800	...	4,918,000	+66,900
	23,271,082	24,057,500	22,815,000	...	1,242,500	23,969,000	+1,154,000
ARMY ...	12,549,303	12,410,000	12,150,000	...	260,000	12,099,700	—50,300
PUBLIC WORKS ORDINARY..	3,811,167	2,320,800	2,385,500	64,700	...	2,288,500	—97,000
RAILWAYS ...	267,883	235,500	134,200	...	101,300	140,000	+5,800
	39,899,435	39,023,800	37,484,700	...	1,539,100	38,497,200	+1,012,500
PUBLIC WORKS EXTRAOR- DINARY ...	1,116,067	3,236,500	1,580,000	...	1,656,500	2,204,800	+624,800
TOTAL ...	41,015,502	42,260,300	39,064,700	...	3,195,600	40,702,000	+1,637,300

HUGH SANDEMAN,

Offg. Comptroller General.

R. B. CHAPMAN,

Secy. to the Govt. of India.

L

LAND.

1872-73.

EXPENDITURE.	ACTUALS, 1870-71.	BUDGET ESTIMATE, 1871-72.	REGULAR ESTIMATE, 1871-72.	INCREASE.	DECREASE.	BUDGET ESTIMATE, 1872-73.	BUDGET COMPARED WITH REGULAR.
	£	£	£	£	£	£	£
1.—INTEREST ON FUNDED AND UNFUNDED DEBT ...	2,349,524	2,429,700	2,437,000	7,300	...	2,468,900	+ 31,900
11.—STAMPS AND STATIONERY ...	188,103	114,300	17,000	...	97,300	10,100	—6,900
12.—MINT ...	6,727	12,300	5,200	...	7,100	2,600	—2,600
13.—POST OFFICE ...	141,899	108,500	39,900	...	68,600	89,600	+ 49,700
14.—TELEGRAPH ...	101,957	164,000	82,700	...	81,300	119,000	+ 36,300
15.—ADMINISTRATION ...	206,979	207,400	299,600	92,200	...	285,200	—14,400
18.—MARINE ...	284,168	290,700	212,200	...	78,500	244,600	+ 32,400
21.—POLITICAL AGENCIES ...	61,507	37,000	47,000	10,000	...	55,000	+ 8,000
22.—ALLOWANCES AND ASSIGN- MENTS UNDER TREATIES AND ENGAGEMENTS ...	19,336	19,300	19,300	...	...	19,300	...
23.—SUPERANNUATIONS ...	794,794	797,000	832,000	35,000	...	833,000	+ 1,000
24.—MISCELLANEOUS ..	381,159	326,400	338,800	12,400	...	303,700	—35,100
TOTAL ...	4,536,153	4,506,600	4,330,700	...	175,900	4,431,000	+ 100,800
ARMY ...	3,525,496	3,574,000	3,593,900	19,900	...	3,762,300	+ 168,400
PUBLIC WORKS ORDINARY ...	134,800	44,200	45,800	1,600	...	43,500	—2,300
	8,196,449	8,124,800	7,970,400	...	154,400	8,236,800	+ 266,400
PUBLIC WORKS EXTRAORDINARY...	51,743	389,500	156,800	...	232,700	410,200	+ 253,400
TOTAL ...	8,248,192	8,514,300	8,127,200	...	387,100	8,647,000	+ 519,800

HUGH SANDEMAN,

Offg. Comptroller General.

R. B. CHAPMAN,

Secy. to the Govt. of India.

Receipts and Payments in England and

RECEIPTS.				ENGLAND.	INDIA.	TOTAL.
				£	£	£
1.—OPENING BALANCE	...	...	...	2,892,483	13,940,451	16,832,934
2.—ORDINARY INCOME	...	...	...	178,197	51,235,489	51,413,686
3.—RAILWAY TRAFFIC RECEIPTS	...	...	...	...	6,620,758	6,620,758
4.—DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE, &c.	...	...	...	793	16,567,979	16,568,772
5.—LOCAL REMITTANCES	...	...	...	.....	1,042,344	1,042,344
6.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS	...	...	...	.....	17,470,218	17,470,218
7.—REMITTANCE ACCOUNT	...	...	...	115,945	2,124,304	2,240,249
8.—ABYSSINIAN EXPEDITION	...	...	...	127,620	...	127,620
9.—BILLS OF EXCHANGE	...	...	...	9,014,702	.....	9,014,702
10.—RAILWAY CAPITAL	...	...	...	7,612,464	410,788	8,023,252
11.—BORROWED	...	...	...	2,423,856	4,217,088	6,640,944
TOTAL				22,366,060	113,629,419	135,995,479

Abstract of the above showing how the Ways

SURPLUS IN ORDINARY ACCOUNT INCLUDING RAILWAY TRANSACTIONS	...	...	...	1,482,990
LOCAL REMITTANCES	...	...	...	305,584
INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS	...	...	...	107,351
REMITTANCES	...	...	...	602,945
ABYSSINIAN EXPEDITION ADVANCES RECOVERED	...	...	...	27,736
RAILWAY CAPITAL RECEIPTS IN EXCESS OF EXPENDITURE	...	...	...	861,300
BORROWED	...	...	...	3,641,459
TOTAL				7,029,365

FORT WILLIAM;
FINANCIAL DEPARTMENT,
The 6th April 1872.

}

G. FITZGERALD,
Offg. Deputy Comptroller General.

India during the Year 1870-71.

PAYMENTS.	ENGLAND.	INDIA.	TOTAL.
	£	£	£
12.—ORDINARY EXPENDITURE	8,196,450	39,899,435	48,095,885
13.—GUARANTEED INTEREST ON RAILWAY CAPITAL	4,352,713	38,879	4,391,592
14.—EXTRAORDINARY EXPENDITURE	51,743	1,116,067	1,167,810
15.—RAILWAY WORKING EXPENSES AND SURPLUS PROFITS PAID TO THE RAILWAY COMPANIES ... ..	.....	4,063,977	4,063,977
16.—DEPOSITS REPAID AND ADVANCES RECOVERABLE, &c.	793	18,328,905	18,329,698
17.—LOCAL REMITTANCES ... ..	.....	736,760	736,760
18.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ... ..	.....	17,362,867	17,362,867
19.—REMITTANCE ACCOUNT	1,114,584	522,720	1,637,304
20.—BILLS OF EXCHANGE INCLUDING SPECIE REMITTANCE ... ..	.....	9,823,550	9,823,550
21.—RAILWAY CAPITAL	5,343,805	1,818,147	7,161,952
22.—DEBT PAID ... ..	.....	2,999,485	2,999,485
23.—ABYSSINIAN EXPEDITION ... ..	.....	99,884	99,884
24.—CLOSING BALANCE	3,305,972	16,818,743	20,124,715
TOTAL	22,366,060	113,629,419	135,995,479

and Means of the year have been provided.

CASH BALANCE INCREASED	3,291,781
EXTRAORDINARY EXPENDITURE	1,167,810
DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE	1,760,926
BILLS OF EXCHANGE	808,848
TOTAL	7,029,365

HUGH SANDEMAN,

Offg. Comptroller General.

R. B. CHAPMAN,

Secy. to the Govt. of India.

Estimated Receipts and Payments in England

RECEIPTS.	ENGLAND.	INDIA.	TOTAL.
	£	£	£
1.—OPENING BALANCE	3,305,972	16,818,743	20,124,715
2.—ORDINARY INCOME	182,100	49,794,400	49,976,500
3.—RAILWAY TRAFFIC RECEIPTS ... ..	.....	6,729,500	6,729,500
4.—DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE, &c. ...	7,000	18,518,600	18,525,600
5.—LOCAL REMITTANCES ... ..	.....	407,300	407,300
6.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	.....	17,883,000	17,883,000
7.—REMITTANCE ACCOUNT	82,000	1,235,600	1,317,600
8.—ABYSSINIAN EXPEDITION	10,000	16,000	26,000
9.—BILLS OF EXCHANGE	10,320,000	.....	10,320,000
10.—RAILWAY CAPITAL	3,985,600	1,486,800	5,472,400
11.—BORROWED	1,413,400	17,385,700	18,799,100
TOTAL ...	19,306,072	130,275,643	149,581,715

Abstract of the above showing how the Ways

SURPLUS IN ORDINARY ACCOUNT, INCLUDING RAILWAY TRANSACTIONS	2,700,000
LOCAL REMITTANCES	316,400
ABYSSINIAN EXPEDITION ADVANCES RECOVERED	22,500
RAILWAY CAPITAL RECEIPTS IN EXCESS OF EXPENDITURE	283,300
BILLS OF EXCHANGE	759,100
BORROWED	2,633,700
TOTAL ...	6,715,000

FORT WILLIAM;
 FINANCIAL DEPARTMENT,
 The 6th April 1872.

G. FITZGERALD,
 Offg. Deputy Comptroller General.

and India during the Year 1871-72.

PAYMENTS.	ENGLAND.	INDIA.	TOTAL.
	£	£	£
12.—ORDINARY EXPENDITURE ...	7,970,400	37,484,700	45,455,100
13.—GUARANTEED INTEREST ON RAILWAY CAPITAL ...	4,546,000	46,600	4,592,600
14.—EXTRAORDINARY EXPENDITURE ...	156,800	1,580,000	1,736,800
15.—RAILWAY WORKING EXPENSES AND SURPLUS PROFITS PAID TO RAILWAY COMPANIES ...	.....	3,958,300	3,958,300
16.—DEPOSITS REPAID AND ADVANCES RECOVERABLE, &c ...	7,000	18,860,200	18,867,200
17.—LOCAL REMITTANCES ...	.....	90,900	90,900
18.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	... ..	18,145,000	18,145,000
19.—REMITTANCE ACCOUNT ...	1,215,100	255,800	1,470,900
20.—BILLS OF EXCHANGE ...	.....	9,560,900	9,560,900
21.—RAILWAY CAPITAL ...	2,699,900	2,489,200	5,189,100
22.—DEBT PAID ...	5,000	16,160,400	16,165,400
23.—ABYSSINIAN EXPEDITION ...	.....	3,500	3,500
24.—CLOSING BALANCE ...	2,705,872	21,640,143	24,346,015
TOTAL ...	19,306,072	130,275,643	149,581,715

and Means of the year are estimated to be provided.

CASH BALANCE INCREASED ...	4,221,300
EXTRAORDINARY EXPENDITURE ...	1,736,800
DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE ...	341,600
REMITTANCES ...	153,300
INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	262,000
TOTAL ...	6,715,000

HUGH SANDEMAN,

Offg. Comptroller General.

R. B. CHAPMAN,

Secy. to the Govt. of India.

Estimated Receipts and Payments in England

RECEIPTS.	ENGLAND.	INDIA.	TOTAL.
	£	£	£
1.—OPENING BALANCE	2,705,872	21,640,143	24,346,015
2.—ORDINARY INCOME	180,900	48,590,100	48,771,000
3.—RAILWAY TRAFFIC RECEIPTS ... ..	.....	6,614,900	6,614,900
4.—DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE, &c. ...	7,000	18,693,500	18,700,500
5.—LOCAL REMITTANCES ... ..	... ..	274,200	274,200
6.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ...	.....	16,257,200	16,257,200
7.—REMITTANCE ACCOUNT	50,000	1,276,900	1,326,900
8.—ABYSSINIAN EXPEDITION	20,000	.....	20,000
9.—BILLS OF EXCHANGE	13,000,000	.....	13,000,000
10.—RAILWAY CAPITAL	2,146,700	1,282,600	3,429,300
11.—BORROWED ... ..	.....	780,000	780,000
TOTAL	18,110,472	115,409,543	133,520,015

Abstract of the above showing how the Ways

CASH BALANCE REDUCED	4,714,800
SURPLUS IN ORDINARY ACCOUNT, INCLUDING RAILWAY TRANSACTIONS ...	237,000
DEPOSITS REPAYABLE AND ADVANCES RECOVERABLE, &c. ...	99,100
ABYSSINIAN EXPEDITION ADVANCES RECOVERED	20,000
TOTAL	5,070,900

FORT WILLIAM;
FINANCIAL DEPARTMENT,
The 6th April 1872.

G. FITZGERALD,

Offg. Deputy Comptroller General.

and India during the Year 1872-73.

PAYMENTS.	ENGLAND
	£
12.—ORDINARY EXPENDITURE	8,236
13.—GUARANTEED INTEREST ON RAILWAY CAPITAL	4,680
14.—EXTRAORDINARY EXPENDITURE	410
15.—RAILWAY WORKING EXPENSES AND SURPLUS PROFITS PAID TO RAILWAY COMPANIES ... ..	.....
16.—DEPOSITS REPAID AND ADVANCES RECOVERABLE, &c.	7
17.—LOCAL REMITTANCES ... ..	.....
18.—INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ... ..	.....
19.—REMITTANCE ACCOUNT	1,160
20.—BILLS OF EXCHANGE ... ..	.....
21.—RAILWAY CAPITAL	1,526
22.—DEBT PAID ... ..	.....
23.—CLOSING BALANCE	2,089
TOTAL	18,110

and Means of the year are estimated to be provided.

EXTRAORDINARY EXPENDITURE ... ..	.....
REMITTANCES ... ..	.....
LOCAL REMITTANCES ... ..	.....
RAILWAY CAPITAL EXPENDITURE ... ..	.....
INTER-PROVINCIAL AND INTER-DEPARTMENTAL TRANSACTIONS ... ..	.....
DEBT PAID ... ..	.....

HUGH SANDEMAN,

Offg. Comptroller General.

STATEMENT of Special Loans to Municipalities, &c., during 1870-71.

	Amount of Loans sanctioned.	Rate of Interest.	Date of Orders authorizing the Loans.	Balance from last year.	Amount advanced.		Total.	Amount repaid.		Balances.		Amount of Interest received or credited to Revenue.		Balance of Interest unpaid.
					Rs.	A. P.		Rs.	A. P.	Rs.	A. P.	Rs.	A. P.	
PORT CANNING MUNICIPALITY (for improvement of Port)	4,50,000 0 0	Nil for 5 years.	Finl. Dept., Govt. of India, 10th March 1866, No. 1251.	2,25,000 0 0	.....	.....	2,25,000 0 0	.....	.....	2,25,000 0 0	.....	.....	.....	R. A. P.
CALCUTTA MUNICIPALITY (for Water-supply)	52,00,000 0 0	at 4 per cent.	Finl. Dept., Govt. of India, 28th Feb. 1867, No. 1171.	51,50,000 0 0	50,000 0 0	52,00,000 0 0	52,00,000 0 0	.....	.....	52,00,000 0 0	2,07,189 0 7	.....	.....	
KURACHEE MUNICIPALITY (for Water-supply)	6,30,000 0 0	at 4 1/2 "	Finl. Dept., Govt. of India, 25th March 1869, No. 1519.	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
BOMBAY MUNICIPALITY (for payment of existing debts, repayable by instalments in 10 years).	15,00,000 0 0	at 5 "	Finl. Dept., Govt. of India, 31st March 1869, No. 1907.	14,33,891 7 9	.....	.....	14,33,891 7 9	.....	1,23,101 9 4	13,10,789 14 5	68,898 6 8	.....	.....	
MADRAS LOCAL FUNDS (for completion of East Coast Canals, at least Rs. 5,000 to be re-paid half-yearly).	2,00,000 0 0	at 5 "	Finl. Dept., Govt. of India, 5th July 1869, No. 1753.	25,154 10 11	29,826 15 8	54,981 10 7	54,981 10 7	10,000 0 0	44,981 10 7	1,905 0 7	.....	.....	.....	
MADRAS MUNICIPALITY (for Water-supply)	12,80,000 0 0	at 4 1/2 "	Finl. Dept., Govt. of India, 27th February 1869, No. 1219, and 8th July 1869, No. 1862.	50,000 0 0	4,10,000 0 0	4,60,000 0 0	4,60,000 0 0	.....	4,60,000 0 0	2,944 2 3	.....	.....	.....	
BOMBAY PORT TRUST FUND	.....	.....	.....	.....	2,01,27,802 0 0	2,01,27,802 0 0	2,01,27,802 0 0	.....	.....	.....	.....	.....	.....	
ELPHINSTONE LAND AND PRESS COMPANY	.....	at 5 "	Bombay Govt. Resolution No. 62, C. W. 222, dated 24th January 1868, P. W. Dept.	10,24,779 2 4	2,75,220 13 8	13,00,000 0 0	13,00,000 0 0	13,00,000 0 0	.....	41,666 10 8	.....	.....	.....	
BOMBAY MUNICIPALITY (for Vehar Water Works)	.....	at 4 "	Bombay Acts XIII of 1863 and II of 1865, and Bombay Govt. Resolution No. 1389, dated 27th July 1865.	37,79,927 0 4	.....	37,79,927 0 4	37,79,927 0 4	.....	24,448 5 4	37,55,478 11 0	1,50,751 10 8	.....	.....	
BOMBAY MUNICIPALITY (for Elphinstone Circle Debt)	.....	Nil	Bombay Govt. Resolution No. 697, dated 9th May 1863, General Department.	29,924 0 0	.....	29,924 0 0	29,924 0 0	.....	29,924 0 0	.....	.....	.....	.....	
CALCUTTA PORT FUND	17,65,000 0 0	at 4 1/2 "	Finl. Dept., Govt. of India, 30th April 1870, No. 200, and 7th July 1871, No. 1832.	12,55,000 0 0	5,10,000 0 0	17,65,000 0 0	17,65,000 0 0	.....	.....	17,65,000 0 0	28,237 8 0	.....	.....	
KUMAON (May 1868), (Nynestel)	4,000 0 0	Without Interest	N. W. P. Govt. Order of 5th May 1868, No. 2078.	4,000 0 0	.....	4,000 0 0	4,000 0 0	4,000 0 0	.....	.....	.....	.....	.....	
OOTACAMUND MUNICIPALITY	20,000 0 0	at 5 per cent.	Madras Govt. Order of 11th August 1869, No. 1112, Public Dept.	11,006 12 8	8,993 3 4	20,000 0 0	20,000 0 0	1,834 6 9	18,165 9 3	550 5 6	.....	.....	.....	
CAWNPORE MUNICIPALITY	2,69,540 0 0	at 5 "	Financial Department, Government of India Order of 14th December 1869, No. 2959.	.....	1,00,000 0 0	1,00,000 0 0	1,00,000 0 0	.....	1,00,000 0 0	.....	.....	.....	.....	
CALCUTTA PORT TRUST	1,00,00,000 0 0	at 4 1/2 "	Act No. V of 1870, B. C.	1,29,88,683 2 0	2,21,74,417 10 3	3,51,63,100 12 3	3,51,63,100 12 3	14,93,398 5 5	3,36,69,792 6 10	5,02,142 12 11	.....	.....	.....	
TOTAL				.....	6,62,574 9 7	6,62,574 9 7	6,62,574 9 7	.....	6,62,574 9 7	.....	.....	.....	.....	

(a) 2 per cent. additional appropriated to form a Sinking Fund.

CALCUTTA;
COMPTROLLER GENERAL'S OFFICE,
CENTRAL ACCOUNTS BRANCH,
The 6th April 1872.

HUGH SANDEMAN,
Clerk, Comptroller General.

SINKING FUNDS for redemption of Loan during 1870-71.

	BALANCE.		RECEIPTS.		TOTAL.		PAYMENTS.		BALANCE.	
	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
CALCUTTA MUNICIPALITY (for Water-supply)	1,38,800 0	90 2 2	98,100 0 0	1,14,281 11 11	2,36,900 0 0	1,14,371 14 1	...	1,14,339 3 7	2,36,900 0 0	32 10 6
MADRAS MUNICIPALITY (for Water-supply)	500 0 0	20 11 1	1,500 0 0	1,522 1 2	2,000 0 0	1,542 12 3	...	1,501 6 8	2,000 0 0	41 5 7

CALCUTTA:

COMPTROLLER GENERAL'S OFFICE,
CENTRAL ACCOUNTS BRANCH,
The 6th April 1872.

HUGH SANDEMAN,

ABSTRACT

Of the Financial Statement for Electric Telegraph and Press.

Sir Richard Temple produced Indian Budget at Calcutta on April 6th.

Actuals, 1870-71—

Receipts	...	...	£51,413,685
Ordinary expenditure	...	...	£49,930,695
Surplus	...	...	£1,482,990 or 1½ millions.
Extraordinary expenditure, Public			

Works, provided for by loan ... £1,167,810

Regular Estimate, 1871-72—

Receipts	...	...	£49,976,500
Ordinary expenditure	...	...	£47,276,500
Surplus	...	...	£2,700,000 or 2¼ millions.

Extraordinary expenditure on public

works ... £1,736,800

Budget Estimate, 1872-73—

Receipts	...	...	£48,771,000
Ordinary expenditure	...	...	£48,534,000
Surplus	...	...	£237,000 or one quarter of a million.

Extraordinary expenditure on public

works ... £2,615,000

Income-tax proposed for 1872-73 at one per cent., with exemption of incomes below one thousand rupees per annum.

No other fiscal changes.

No loan for public works either in England or India, as loan funds in hand sufficient for works in progress.

Estimated cash balance in Indian Treasury on 31st March 1872, twenty-one and a half millions; anticipated cash balance on 31st March 1873, seventeen and a half millions.

No. 17

of 1872.



SUPPLEMENT TO
The Gazette of India.

CALCUTTA, SATURDAY, APRIL 27, 1872.

OFFICIAL PAPERS.

A SUPPLEMENT to the GAZETTE OF INDIA will be published from time to time, containing such Official Papers and information as the Government of India may deem to be of interest to the Public, and such as may usefully be made known. Non-Subscribers to the GAZETTE may receive the SUPPLEMENT separately on a payment of six Rupees per annum if delivered in Calcutta, or ten Rupees eight annas if sent by Post.

No Official Orders or Notifications, the publication of which in the GAZETTE OF INDIA is required by Law, or which it has been customary to publish in the CALCUTTA GAZETTE, will be included in the SUPPLEMENT. For such Orders and Notifications the body of the GAZETTE must be looked to.

GOVERNMENT OF INDIA.

**ABSTRACT OF THE PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR
GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS UNDER THE PROVISIONS OF
THE ACT OF PARLIAMENT 24 & 25 VIC., CAP. 67.**

The Council met at Government House on Wednesday, the 17th April 1872.

PRESENT:

His Excellency the Viceroy and Governor General of India, K. T., *presiding*.
His Honour the Lieutenant-Governor of Bengal.
His Excellency the Commander-in-Chief, G. C. B., G. C. S. I.
The Hon'ble John Strachey.
The Hon'ble Sir Richard Temple, K. C. S. I.
The Hon'ble J. Fitzjames Stephen, Q. C.
The Hon'ble B. H. Ellis.
Major General the Hon'ble H. W. Norman, C. B.
The Hon'ble J. F. D. Inglis.
The Hon'ble W. Robinson, C. S. I.
The Hon'ble F. S. Chapman.
The Hon'ble R. Stewart.
The Hon'ble J. R. Bullen Smith.

INCOME-TAX BILL.

The Hon'ble SIR RICHARD TEMPLE presented the report of the Select Committee on the Bill for imposing Duties on Income.

He also applied to His Excellency the President to suspend the Rules for the Conduct of Business; and, on the suspension of the Rules, moved that the report be taken into consideration. He said that perhaps he could not do better than to read out the report of the Committee, which ran thus:—

“A difference of opinion exists amongst the members of the Committee as to the propriety of re-imposing the income-tax in any form. Accordingly, we express no opinion upon

this subject, but confine ourselves to the details of the measure, assuming that a majority of the Council decide that it ought to be passed. We think that if this is done, the best course is that adopted in the Bill, namely, to re-enact Act XII of 1871, with the verbal alterations necessary to adapt it to the present year, and to exempt from its operation incomes below one thousand rupees per annum.

We have added a clause to section 22 by which persons who were, under Part V of Act XII of 1871, assessed on incomes of one thousand rupees and upwards, will continue to be assessed at the amount which they paid under that Act: such persons will, however, be able to apply for reduction or cancelment of their assessment.

If this recommendation be adopted, the inconvenience of a re-assessment will, in a large number of instances, be avoided."

He had now to ask that the report be taken into consideration. Regarding the general merits of the question before the Council, he had in his recent Exposition of the Budget Estimate said all that he had to say. Therefore he would not now say anything on that subject. Whether or not he should say anything would depend upon what fell from his hon'ble colleagues. If there should be a general concurrence of opinion in favour of the Bill, he should not trouble the Council with any remarks; but if there should be made in the course of the debate any observations which seemed to call for reply, he hoped he should be prepared to offer such explanations as might be necessary.

The Hon'ble MR. BULLEN SMITH said—"My Lord, although I adhere to the views I have previously expressed in this room when other Income-tax Bills have been brought forward, it is not my intention to offer any opposition to the measure now before the Council. Had it been proposed, as has hitherto been the case, on the plea of absolute financial necessity, I would, on the figures contained in the budget statement, have challenged any such assertion; but the Council has been distinctly told by your Excellency and by other members of the Executive Government that this budget is not to be considered on its merits, but to be looked upon as provisional, owing to the peculiar conditions under which the Government of India is being carried on. After such a declaration I do not think it my duty—indeed, I should hardly consider it consistent with the respect due to your Lordship as the present head of that Government—to propose any substantive amendment upon the consideration of the Bill now before the Council. This Bill contains two modifications upon its predecessor—one raising the limit of exempted incomes to Rs. 1,000, thereby carrying out the proposition made last year by our hon'ble colleague, Mr. Cowie, with how much reason and moderation the figures now before us show. The second modification to which I have alluded is that introduced by the Committee, in accordance with which payment of the tax will be accepted from all who so desire, on the basis of last year's assessment, without further inquiry or trouble. This, my Lord, I consider emphatically a move in the right direction. I believe that by its friction, extortion, and opportunities for evil in the working of the tax, will be diminished; and I believe that it will be thankfully accepted in this light by the district officers. It is of course a concession pure and simple on the part of Government, but a concession which I believe will not cost them much financially, while in other respects it will well repay them. I am heartily glad that Government has seen its way to these two important modifications of the Bill lately expired, and I freely admit that thus modified the income-tax comes before the Council in a much less objectionable form than previously. I consider, however, that the annual introduction of an income-tax measure is a great and almost an unmitigated evil, tending much to keep alive and foster the large amount of bad feeling which the tax has undoubtedly provoked, and forbidding that finality and certainty as to what they have to pay which, I believe, the people of this country greatly desire. In this sense, therefore, and without in any way committing myself to an opinion or course, I do join with my hon'ble colleague, Mr. Ellis, in hoping that if the subject of an income-tax is again brought forward, it will be in the form of total abolition or retention, I do not say permanently, but at least for a term of years at a fixed rate and on continu-

ing assessments at the option of the assesses. I have always admitted that there were *pros* and *cons* in this matter—that there is something to be said in favour of a light tax with a liberal figure of exempted incomes. I know that some hon'ble members hold that there are large classes who benefit much by our rule, but who cannot otherwise be made to pay anything like a fair quota to the State. Some hold that there are other interests calling more urgently for relief, while my hon'ble friend Mr. Robinson, holds strong views as to the entire exemption of certain classes, whatever the amount of their incomes. All these views form fair ground for inquiry and consideration; but whatever may be the result, I utterly deprecate the continuance of this tax as a varying budget-adjuster, as we have been lately accustomed to see it used. Whatever may be said upon direct taxation, that at least ought not to be its character in this country. I need not say how cordially I join His Honour the Lieutenant-Governor in hoping that if this income-tax is again brought forward, it may be at an earlier period of the Calcutta session of the Council. I shall rejoice if the Government find themselves, as the current year advances, able to give up this income-tax altogether; and I am disposed to consider Government morally pledged to abandon it, when the plea of urgent financial necessity can no longer be urged in its behalf; but, if not, then let it come forward sufficiently early to have bestowed upon it the mature examination and consideration to which the importance of the subject entitles it, but which the Council have never the opportunity of giving, when the Bill is, as on the present occasion, moved for, introduced, considered, and passed, within the limited period of ten days. Turning for a few minutes from the consideration of the Bill immediately before the Council to the budget statement, or exposition, of which it is the practical result, one is primarily arrested by the enormous figure of the cash balances, about which we have read and heard so much during the last ten days. The hon'ble member regards them, when standing at $24\frac{1}{4}$ millions, as satisfactorily high, but not too high, although elsewhere the figure is spoken of as one at which they ought not to continue. To the outer world they appear extravagantly and wastefully high. The hon'ble member apparently considers his overflowing treasury the crowning glory of his finance, while to other minds it forms the chief reproach of the budget—the portion of it, above all others, of which the least can be said in the way of approval. I have spoken elsewhere of the unfortunate character of the hon'ble gentleman's estimates, and this is strikingly illustrated in the matter of these cash balances. That of 1870-71, which was estimated at $10\frac{1}{2}$, becomes 16 millions; and that of 1871-72, estimated at $17\frac{1}{4}$, issues in $24\frac{1}{4}$, or somewhat more than double what Mr. Massey six years ago estimated was ample to carry on the service of the country, the tendency, being to decrease. By way of apology, apparently, for these enormous differences, the hon'ble member tells us that they result from the adjustment of a vast account; but unfortunately the errors are vast, even beyond the vastness of the account, being to the extent of 50 per cent. in the one case, and 40 per cent. in the other. It is impossible that discrepancies such as these can escape unfavourable notice, and the hon'ble member can hardly complain if his estimates generally are regarded with disfavour, and his declaration that without this income-tax the receipts of the year are likely to fall short of the expenditure considered as a mere opinion, not a fact. The public know that $4\frac{1}{2}$ millions of this money are the *bonâ fide* surplus of the last two years, and they naturally refuse to believe that half a million of income-tax cannot be done without, and that $6\frac{1}{2}$ lakhs of rupees is the utmost relief this bursting treasury can afford. The hon'ble gentleman's capacity is well known and famous for writing reports; but I confess that I have not been able to find in his exposition any satisfactory account of these cash balances, or rather why they have been kept at this enormous figure. It can scarcely have been necessary, in view of the five-per-cent. conversion, which operation would then be, to my mind, dear at the price: and it is curious that while $24\frac{1}{4}$ millions is now considered not

too high, the estimated amount of seven millions less was announced this time last year without any misgiving. In reading over the part of the exposition relating to these cash-balances, it strikes me that the hon'ble gentleman is himself not quite comfortable regarding them—that he recognizes the fact that a country, the revenue account of which can, by his own account, barely be squared, has no right to have an accumulation equalling nearly half its entire income. Allusion is made to a full treasury and high State credit, but I find nothing in this exposition to shake my opinion that with a much smaller cash-balance the State credit would have been quite as assured, and the service of the country have been quite as efficiently carried on. Accept this view, and we find in these enormous balances no real source of satisfaction, but, on the contrary, an indication of unreliable estimates and bad finance. Closely allied to the cash-balances, is the subject of loans, and under this head the exposition puts before us another peculiar financial feature. With more money here than could be employed or was required, we have actually during the past year been adding to our loan-liabilities in England. We are told that although the Secretary of State had announced his intention of borrowing $2\frac{1}{2}$ millions, he has actually only borrowed $1\frac{1}{2}$; but the question arises naturally, why has anything been borrowed at all? The hon'ble gentleman puts in his exposition an apologetic sentence about "times and seasons for borrowing," which have doubtless been well considered; but I scarcely think he can be in earnest when he asks us to accept this as a reason for late loans. That must be a cheap money-market indeed which offers inducement to raise loans for which there is no need, present or nearly prospective, and I confess I have never known the money-market in that delightful condition for borrowers, which would indeed indicate a rate of interest hardly more than nominal. Take for instance this new loan of $1\frac{1}{2}$ million, which was not needed for the past year, and is not likely to be wanted for the present, but may come into use in 1873-74. The rate of interest payable is not mentioned, but if we put any saving under this head by this happy choice of time and season on one side, and on the other the saving of no interest at all for two years, I apprehend the calculation will show a transaction not very profitable to the State. When last year the hon'ble member stated boldly that the Secretary of State had intimated his intention of borrowing $2\frac{1}{2}$ millions, I put to the hon'ble member the question, whether such loans are contracted under requisition from the Government of India and with their consent—a question, I think, clearly within the province of any Member of this Council, when he is asked to give his consent to new taxation. That question, with Your Lordship's permission, I would to-day repeat, although I fear the reply, if any is vouchsafed, can be but in one sense, as I cannot conceive it possible that this Government can have asked for any addition to our loan liabilities during the past year. In this view I desire to renew my protest against this system of quiet borrowing at Home, and to repeat what I said last year as to the vital importance of Indian finance having only one head, and that head here. In the records of the Parliamentary Committee now sitting we find no lack of reference to requisitions from India, when expenditure has to be explained or vindicated. Let the same rule apply to matters financial; let the Secretary of State be in this, as in other respects, practically the Agent of the Government of India, with whom rests the real responsibility. As matters now are, it appears that the financial plans of that Government are liable at any time to derangement, and the loan liabilities and other expenditure of the country to increase, at the discretion of an absent and irresponsible authority, subject only to such control as is at present exercised by Parliament, the value of which we have not as yet had much cause to appreciate. In conclusion, my Lord, I wish to say a single sentence as to the conversion of the five per cent loan alluded to in the budget exposition. We are told that the stock-holders were offered the option of transferring their holdings to a new $4\frac{1}{2}$ per cent. loan. Theoretically all certainly had this option given them, but practically it was denied to many, the Financial

Department having attached to the option conditions which put it absolutely beyond the reach of many. These conditions were foreign to all previous practice of the Government, and foreign to ordinary business custom, and therefore such as the stock-holders had no reason to expect or prepare for. A simple alternative measure which could not have affected in the smallest degree the success of the conversion scheme, nor imperilled a rupee of Government money, was proposed to the department of which the hon'ble member is the head, but at once rejected. I do not say that bare justice was not done—far from it—but I hold that in matters such as these the Government should exercise the utmost liberality consistent with the interests of the State; and I exceedingly regret the harsh line adopted by the Financial Department on the occasion in question."

The Hon'ble Mr. STEWART said:—"My Lord,—I do not intend to occupy the time of the Council by any endeavour to follow the Hon'ble Finance Member through the mass of statements and figures contained in his Budget; I shall rather select for remark a few points which seem to me important, both in themselves and in relation to the policy with which they are connected. And first I would acknowledge the clearness and explicitness of the Hon'ble Members' exposition—an exposition which deals with certain facts which I cannot regard as altogether satisfactory, and asserts certain conclusions in which I cannot agree, but which is, on the whole, very plain and intelligible. I agree with Sir Richard Temple in his remarks regarding what he has termed "windfalls," both in regard to the light in which they should be regarded, and the manner in which they should be treated. I see no objection to their being included in the general revenue so long as they are clearly entered in the accounts, and brought to notice in dealing with the financial position; on the contrary, I see some advantage in this course, for, if these items are dealt with separately and exceptionally, we must expect that certain items of expenditure will also be dealt with exceptionally, and this I think would be to admit a dangerous principle, and one which under pressure might lead us further than could be justified or foreseen. My Lord, not the least striking fact of the accounts before us appears to be the large and unexpected surplus disclosed alike in 1870-71 and in the year just closed—a surplus amounting to $1\frac{1}{2}$ millions in the former, and $2\frac{3}{4}$ millions in the latter against a Budget Estimate of a surplus of £200,000 and £93,000 respectively. Now, there is here a very wide divergence between the calculations on which the financial policy of the past two years was based and the figures which represent the actual or regular estimated receipts of these years, and I am not prepared to accept as an altogether satisfactory explanation of this extreme divergence the variations in the Opium receipts and the other incidents which the hon'ble member has offered as its justification. I fully admit that Opium, as it is a very large, so it is also an extremely speculative constituent in the receipts, and one which it is probably impossible to forecast with exactness; but I think it is almost as unwise to err on the side of too great caution as of too little; and, when I reflect that during the five years ending with 1871-72 the receipts from Bengal Opium have been under-estimated four times, and that not by small amounts but by sums varying from half a million to a million and a quarter per annum, and averaging, I think, about £850,000, and that they have only once been over-estimated by an amount of £330,000, I think I may fairly conclude that the error of our finance in this matter has been not an over sanguine but an unnecessarily gloomy measurement of prospects. I will not deny to the Administration and to the Finance Department the credit of those reductions in expenditure which they claim, and which have doubtless contributed to the surplus of the last two years; on the contrary, I would acknowledge these reductions, and express my earnest hope and full belief that the Government will not halt in their anxious endeavours to reduce expenditure still further where that may be practicable. What I do say is, that I think these reductions should have been more clearly foreseen and more generously allowed for. In estimating the financial position for the present year, I think

that this error of over-caution is again visible. I cannot think that an estimate of Rs. 1,200 for Opium is sufficient in view of existing values, of the quantity to be disposed of, and of prospects generally. I see nothing in the prospect before us to render it necessary to base the estimate on so heavy a decline from present currency; indeed, looking at the matter broadly, and at the same time cautiously, and making every reasonable allowance for contingencies, I think that the estimate of the year might fairly have been taken at at least Rs. 1,250, and even that I should consider low. To my mind there is something re-assuring in the opinion expressed by H. M.'s Consul at Hankow, in the report lately published in the *Gazette of India*, that the consumption of Indian Opium is not likely to be seriously affected by any increase in the growth of the indigenous drug, the consumption of the two descriptions resting on the tastes and requirements of entirely different classes of the Chinese people. I think that inasmuch as the average sale-price of Bengal Opium during the last five years has been Rs. 1,284 per chest, and inasmuch as there seems to be nothing to warrant the expectation of any very sudden or extraordinary fall, Rs. 1,200 is too low, not as the hon'ble member puts it, 'a safe and moderate estimate.' I think that, judging by the past, we may at least be satisfied that the estimates of receipts for the current year are not overstated, and that the estimates of expenditure are not under-stated in the matter of Opium. I have said that I think the receipts are under-estimated, and, on the whole, I am prepared to anticipate that the result of the hon'ble member's proposals, if they are accepted, will be another year of surplus. And this brings me to the subject immediately before the Council—the revival of the income-tax. My Lord, I shall not vote lightly in the matter, but I must vote against this proposal. I am of those who think the income-tax, a tax unsuited to this country, intensely disliked by the masses of the people, and a tax above all others the most likely to lead to injustice and oppression. It is a tax which, however it may since have come to be regarded, was imposed in the first instance to meet a great fiscal emergency, and under it if not a pledge from Government, at least a strong and justifiable conviction on the part of the public, that the Government regarded it as temporary measure. The Right Hon'ble Mr. Massey, in 1868, described an income-tax in the words of the greatest of living financiers as a "mighty engine" of finance. My Lord, it is a mighty engine of finance; it is an engine, in my humble judgment, suited above all others to emergent circumstances,—but is an engine which especially in this country should be reserved for such circumstances, and I do not think that such circumstances exist at present. I have not had the advantage of considering the working of the tax in the light of the full information which I should have liked to possess on so grave a subject; but, viewed in the light of such information as I have before me—in the light of the circumstances which attended its original imposition and subsequent renewals—in the light of what I conceive to be the present financial position, and the purpose for which such a tax should be reserved, I do not feel justified, even on due consideration of the exceptional position of the Government (and I assure your Lordship that I have fully considered this subject), in voting for its revival. I do not overlook the fact that if the tax be not re-imposed now it may be somewhat difficult should the Government hereafter determine on proposing it as a permanent part of our fiscal system to re-impose it in normal times; but I should be glad to see the machinery broken up, for I think the tax unsuited for times of peace and plenty, while I do believe that should, unhappily, a time of grave emergency or disaster again overtake us, the people of this country will cheerfully consent to its re-imposition, all the more cheerfully and all the more readily in that they were relieved from its burden when its burden could be dispensed with. If, however, this Bill should pass, I shall have satisfaction in thinking that it has been materially modified in the right direction, for I regard the exception of incomes between Rs. 750 and 1,000, and the acceptance of last year's assessments as the basis of the payments for this year, as two most wise and important concessions.—con-

cessions which, as regards the present year, will go far to mitigate, though they cannot remove, my objections to the impost, or reconcile me to see it still occupying a place in our fiscal system. My Lord, I have heretofore understood that the object of our finance was so to arrange as that revenue and expenditure within the year might about balance each other: and no doubt this is still the object, but there are certain expressions in the hon'ble member's statement which lead me to doubt whether this is now so singly and directly as formerly the end that is arrived at. In referring to the surplus of 1870-71, the hon'ble member remarks that that surplus was wanted as a partial set-off against the deficits of former years; and, again, 'our hope is that on the combined result of a series of years there will be a sufficiently even balance between the incomings and outgoings of the Treasury.' Now, I fear that with such an aim, or even—for I do not think this is the aim—with such a tendency as this, we might drift into a condition not to be contemplated with satisfaction, for if one year there is a surplus we may be told that it is required to compensate for former deficits, and if another year there is a deficit, we may be told, though I do not think we will, that the deficit may stand against a previous surplus. The only safe system, as it seems to me, is year by year to finance for an equilibrium or slight surplus, and if, as doubtless there will be, there is on one year a surplus and on another a deficit, to allow for or recoup that surplus or deficit in the year following. The hon'ble member has referred to the trade of India in terms of satisfaction. I regret that as regards the import trade of Bengal I cannot share in his satisfaction.

"This trade for a long time past has not on the whole been profitable to those engaged in it, and it should be borne in view that had it not been for the cheapness of money in England and the consequent facilities for enterprise of this nature, the imports would probably have been even smaller than they have been. The cash balances have been referred to by the hon'ble member as 'satisfactorily large though not too high for the requirements of the country, present and prospective.' Now the cash balances amount to over 24 millions, and this seems in the light of probable requirements, and of the declarations of previous ministers, an amount altogether excessive and out of proportion. Previous Finance Ministers have stated 10 to 12 millions sterling as the balance required for the current expenses of the State, and I think that it behoves us to enquire what means have been adopted to utilise the excess? what return has been received from this large capital, part of which is admittedly derived from the proceeds of interest-bearing loans? I cannot find in the explanation of the hon'ble member that these sums have not been lying idle, but have been made to subserve the interests of commerce, any satisfactory reply to this enquiry; for I submit that it is no part of the duty of the State to serve the interests of trade at the expense of the whole country, and that if the principle laid down be adopted there is nothing to prevent its further expansion, nothing to prevent the justification of an impost on all classes for the benefit of one class, or even of one section of a class. If the surplus cash balances of the past year had been utilised at even the most moderate rate of interest, the result would have been a very considerable increase in the revenue or decrease in the expenditure; and I hope in view of the large balances, which I infer the Treasury is likely to be filled with during the current year, that some means will be taken to make use of the surplus over requirements with such an end in view as any prudent private individual would endeavour to arrive at in his own case. It has often seemed to me that it would be advisable to publish a statement of the composition of the cash balances, that the public might know what portion of these is liable to be called up, and what portion may reasonably be reckoned on as more or less permanently available; and I would venture to call the hon'ble member's attention to this point as one worthy of his consideration. I have not overlooked the general information on the subject contained in his statement; but what I suggest is something more specific and detailed.

"My Lord, I cannot think that such general explanation as that time has been required for the elaboration of Canal projects and for determination of the Railway gauge, and that there are 'times and seasons for borrowing' are explanations which can justify such a course as that of raising loans in anticipation of requirements. I think, on the contrary, that the country has a right to expect that moneys, the interest of which it is called upon to bear, shall not be raised until it is clear that they can be at once utilised. My hon'ble friend has alluded to the politico-economic defects of our fiscal system, but he has not seen his way to propose a remedy. I can understand the disadvantage at which recent lamentable circumstances have placed him in this matter, and I shall here confine myself to expressing a hope that next year he may be able to tell the Council that he has taken these defects into his consideration with a view to definite action towards their removal. There is only one other point, my Lord, on which I desire to say a word—the subject of Local and Municipal taxation. The former I see has increased within the year by about three quarters of a million; respecting the latter I find no precise information. Together I have no doubt they form a sore burden on the people, one which should by no means be lost sight of in determining the amount and incidence of our taxation for imperial purposes. I think, too, that we shall do well to consider carefully and with extreme rigor any legislation to facilitate the raising of local and municipal taxes which may be asked at our hands by any of the local Governments, for I agree with my hon'ble friend Mr. Chapman in much of what he said on this subject on a late occasion, and I do think that the power of indefinitely taxing the people, even for purposes in themselves the most laudable and desirable, is a power which should not be lightly committed, and which, when committed, should not be lightly continued to any local administration. My Lord, the finances of India are an enormous subject, and I am aware that, probably under any circumstances, and certainly with the limited time and opportunities at my disposal, it is impossible for me even to attempt a satisfactory review of the subject. I have, however, deemed it my duty frankly to express my views, and if in doing so I have spoken too strongly, I hope my hon'ble friend will believe that this has not arisen from any desire to under-estimate or overlook the arduous and most difficult duties of his great position."

The Hon'ble Mr. CHAPMAN said:—"MY LORD, looking to the exceptional position in which the Government of India are placed in consequence of the deplorable calamity which has so recently befallen the country, I do not consider your Lordship in Council could with propriety have pursued any course in respect to the Income Tax other than that now proposed."

"It seems to me that the issue is of far greater magnitude and importance than the mere consideration whether the Government could or could not afford to forego this comparatively small sum of £ 570,000. In my opinion the whole question of continuing direct taxation is to a great extent involved in the decision, for I am satisfied that, if the Government had decided on abandoning the income-tax this year, it would be impossible to reimpose it next year, and this would have embarrassed, to an unjustifiable extent, the action of your Lordship's successor in dealing finally with the question of direct taxation. Therefore, my Lord, on these grounds alone, I am fully prepared to support the Bill under consideration."

"But I feel that it behoves me to go further on this occasion, and to state it as my firm conviction, that the system of directly taxing the wealthy non-agricultural classes of the community of this country ought not to be given up. I cannot reconcile it to my sense of justice that traders and other rich inhabitants of our presidency towns and large centres of commerce, who are entirely dependent on the stability of our rule for their enjoyment of this world's good things, should not contribute their fair share towards the public burthen. Whatever the defects of our government may be, there can be no question that we have afforded the most perfect protection against

violent outrages and crimes, and I do think the wealthy classes ought to pay for this inestimable benefit.

"I do not say the income-tax is the best way of reaching them, but I do say that, until some better and more effectual means of getting at them can be suggested, I for one should be loth to see it abandoned.

"I have said that, to my mind, the question whether the Government can do without the tax this year is not the main point. For my own part, looking to the extremely cautious and prudent manner in which the estimates have been framed, I am inclined to think the Government would probably not have run much pecuniary risk if they had foregone it. But I am very decidedly of opinion that there are other interests and classes possessing a far stronger and preferential claim to relief than the income-tax payers. There are, first, the Sugar duties in Northern India, which, as I said on a previous occasion, are nothing more nor less than the most barbarous transit duties, and which realized £163,500; there are, next, the export duties on rice, realizing £500,000, the levy of which is directly opposed to the very first principles of economic science; and there are the claims of subordinate Governments and Administrations to additional contributions towards their provincial services, not with a view to enable them to increase their expenditure, but in order to allow of their reducing the burthens which, in some parts of the country, have been recently enhanced. Then, there is the great and most important question of the equalization of the Salt duties; for I take it that, if the facilities of communication continue to increase at the rapid rate they are now doing, it will be simply impossible to maintain much longer the existing inequalities—Bengal paying Rs. 3-4-0; the North-Western Provinces, the Central Provinces and the Panjáb Rs. 3; and Madras and Bombay Rs. 1-13-0 per maund.

"The manner in which these inequalities can best be removed is a most difficult problem, the solution of which will probably involve the sacrifice of considerable present revenue.

"The injustice and impolicy of maintaining these transit duties on Sugar, these export duties on Rice, and these unequal duties on Salt, are so patent, that I cannot understand how any one can for a moment defend them. Nor can I understand how any one can seriously say that, because we hear no complaint from the payers, because there is no loud outcry, therefore there is no necessity to afford relief.

"My contention is that the Government, supposing them to be in a position to deal finally with the question and to remit the income-tax (which I altogether deny); and supposing them to be able to do without this half million (which I am inclined to admit), could, not, with justice to the claims of other classes and interests, have given up the tax.

"My Lord, the objections to the income-tax are chiefly based on the evils alleged to be inseparable from its administration. I admit these evils to have been great, but I do not admit that they are altogether irremediable. I consider they have been removed to a great extent by raising the minimum to Rs. 1,000; and by the decision the Government have wisely arrived at of not interfering with existing assessments. The only wonder to me is that, considering the hap-hazard manner in which, at the last moment, year after year, the tax has been imposed on the country, the abuses have not been infinitely greater. Nothing could possibly be worse than the system by which the payers were subjected to all the oppression and annoyance incidental to an annually recurring assessment.

"My Lord, I do hope the suggestion thrown out last year by His Honour the Lieutenant-Governor will be carefully weighed, and that the Government will lose no time in taking into their earnest consideration the best means of dealing with this difficult problem of direct taxation on a broad and sound principle. I may state that, if the income-tax is to be retained, then

I think the best system of assessment should be carefully devised, and the best procurable agency employed; in short, that the same care, trouble and expense should be bestowed on this most difficult operation as is now done with such marked success on the assessment of our land-revenue. The assessments thus made should hold good, as against Government, for a fixed period of, say, five years, and no income of less than rupees one thousand should be liable. I would absolutely exempt all incomes derived from lands the settlement of which is subject to periodical revision; I would keep the tax at one per cent. in ordinary times, and I would not allow it to be increased merely to cover short-returns from Opium or other sources of revenue, as was done by my hon'ble friend in 1870-71; but I would hold it in reserve for great national catastrophes, like war or invasion. I do not attach much weight to the objection that no Government would venture to impose an unpopular tax of the kind in times of extreme national danger, because I think that the interests of the classes who ought alone to be taxed are identical with those of the British Government, and that they would cheerfully and loyally come to the assistance of Government. I believe that, in times of real danger, a couple of millions might without difficulty be got by the tax. The Government have a year of plenty in which to mature their plans, and I do say that, by this time next year, if my hon'ble friend, Sir Richard Temple, is not prepared to deal once for all with the question of direct taxation, the country will have just cause for complaint. I cordially agree with what has fallen from my hon'ble friend opposite, Mr. Bullen Smith, as to the grave objections there are to these irritating annual discussions. Such are my views on the income-tax. I believe we have as yet everything to learn as to the best way of administering it. I believe the abuses to which it has given rise have been much modified. I believe a great deal of the odium it has occasioned is due to the unjustifiably high rate at which it was imposed in 1870-71. I believe the tax to be thoroughly just in principle, and I believe that relief is far more pressingly required in other directions. What I did object to, and objected to most strongly, two years ago was the unnecessarily high rate at which the tax was then imposed. There is, I need not point out, a very considerable difference between an income-tax at $3\frac{1}{8}$ per cent. on incomes of rupees five hundred, and a tax at one per cent. on incomes of not less than rupees one thousand.

"I beg to draw the special attention of my hon'ble friend, Mr. Inglis, to the following extract containing the views of His Honour the Lieutenant-Governor of the North-Western Provinces, Sir W. Muir:—

Sir William Muir has never condemned the main principle of the income-tax (if additional revenue must be raised) in its application to the moneyed classes and wealthy traders. It is apparently the only way in which they can be specially reached, and it is but right and fair that these should freely contribute to the expenses of a government in the benefits of which they so largely participate. But it may be questioned whether the tax should be made (as it has been to some extent of late) the mainstay for the adjustment of Imperial finance, resorted to as a means of squaring the accounts of the year, its rate and reach varying with the amount of the annual deficit of the prospects of the coming revenue. It would seem wiser and more statesmanlike, in dealing with a people so impatient of inquisition, so suspicious of change, and so difficult to reach by our explanations, to make the tax precise and unvarying, both in its reach and in the conditions of its assessment. In short, His Honour would urge on His Excellency's Government the principle that the rate of assessment, once fixed, on a wide view of the temper of the people and the capacity of their resources, at a reasonable figure, should remain so without variation; and that neither condition nor rate should be lightly changed, otherwise than on the occurrence of a great emergency, such, indeed, as would both justify the change in the opinion of the people, and be capable of easy explanation to them. As in the assessment of landed profits, so in the assessment of incomes, the more fixity and permanency arrived at, the greater will be the feeling of rest and confidence. In proportion as such a state of comparative permanency can be approached, the suspicion and irritation, the fraud and oppression, and the other evils now incident to the tax, would be diminished, the pressure on the people would be lightened, and the action of the Government would be better understood and its motives more fully appreciated.

"I am happy to believe that everything I have said has the sanction of that eminent authority.

"I shall now notice, very briefly, what appear to me the most salient points in the regular estimate for the year just closed, 1871-72. Of the total surplus of two millions and three quarters, three-fourths are due to Opium, and my hon'ble friend takes credit for three quarters of a million as direct saving in expenditure. His explanations regarding the latter will be found at pages 9 to 11 of his statement. I wish I could see any indications of these savings having been effected by direct economy. A good number of the items are, I apprehend, mere adjustments. Thus, for example, the sum of £90,100, entered as a decrease in the allowances payable to village officers in the Bombay Presidency, is, I apprehend, due to an alteration in the manner of bringing these charges to account. Then, the reduction of £198,000 in military charges appears to be due, either to the estimates having been wrongly framed in the first instance, or else to outlay on account of the purchase of stores having been postponed. It really is impossible to arrive at any clear understanding from the gross entries in these statements. I should like to know, for example, the several items that constitute the sum of £82,200 under Administration. On the whole, I am willing to give my hon'ble friend credit for having done his best to be economical; and I am willing to believe that if, on the one hand, no actual savings have been effected, no considerable increase of expenditure has been incurred. And here I may remark that I believe the much-abused income-tax has practically effected much indirect good by checking extravagance. The Government are, as a rule, not likely to receive much support in their efforts towards retrenchment and economy from those classes of the community who direct public opinion in this country; but it is surprising how virtuous all connected with the administration become when they know that increased expenditure may render it necessary to increase the burthens of the small but influential body of income-tax payers.

"As regards the estimates for 1872-73, I shall only remark that they are characterized by that extreme caution which has marked the financial administration of my hon'ble friend, and which has resulted, during the last two years, in surpluses, respectively, of $1\frac{1}{2}$ and $2\frac{3}{4}$ millions. I cannot help feeling that the Financial Department has gone to the extreme of control. Opium is, of course, the difficulty in their estimates; and I am not going to be presumptuous enough to state that my hon'ble friend is wrong in estimating for a nett decrease of $2\frac{1}{2}$ millions, namely, $1\frac{1}{2}$ under receipts, and $\frac{3}{4}$ under expenditure. Speaking with very imperfect knowledge of the subject, it does seem that, as the average price last year was Rs. 1,338, a higher figure than Rs. 1,200 might have been taken. It would have been satisfactory to have had some detailed explanations as to the items composing the increase in expenditure of £56,500 under Land-Revenue; of £10,600 under Administration; of £56,100 in minor Departments; of £70,700 under Law and Justice, and of £44,000 under Political Agencies. A good number of these are, I dare say, accounted for by adjustments, as I see the charges under the head Miscellaneous are entered at £119,300 less than those of the past year. It would nevertheless be satisfactory if my hon'ble friend would furnish a detailed statement of all *bona fide* increases of charge. I think if such a statement were annually published it would be satisfactory to the Council, and might not be altogether inoperative as a check against extravagance.

"As regards the question of the cash balances, it seems to me the Council are entitled to some more lucid explanation than that which my hon'ble friend has given. As far as I can understand the explanation of the surplus—seven millions—it is this:—

"2 millions are due to the closing balance being better.

" $2\frac{1}{2}$ millions to positive and direct increased prosperity.

"2 millions to the extraordinary expenditure having been less than was anticipated.

"³ of a million held in deposit in India on account of money received for bills purchased by the Secretary of State in England which have to be paid for in India.

"I think the Government of India ought to furnish the Council and the public with a plain and simple statement of their assets and liabilities, and I think we should be told the minimum sum that prudence demands should be kept in hand to meet the ordinary current expenditure, the sum which, I suppose, a private firm or company would describe as working capital. If this were done, and liabilities—such as sums held on account of money borrowed for extraordinary works, and on account of deficits payable on demand—were clearly distinguished, then I think the existing mystery would, in a great measure, be solved, and the public would know what they are far from knowing at present, namely, the exact financial position of the Government. Till this is clearly placed before them, it will be impossible for them to know whether the burden of taxation to which they are subjected is or is not in excess of the exigencies of the State."

The Hon'ble MR. ROBINSON said:—"My Lord, I have resolved to vote against passing this Bill to revive the dead income-tax in any form. I will do so because there is nothing whatever in the state of the finances of India which can in any way justify its revival and continuation, in order to maintain the credit or to fortify the position of the exchequer; and because the proved condition of the balance-sheet of the State finances and of the treasury condemns in the most absolute manner the legislation of the past year in this respect. I will vote against this Bill because I think that in the very prosperous state of the finances and of the country the Government is pledged to withdraw this emergent tax—imposed as it was for the definite purpose of restoring an equilibrium which was attained two years ago, and of removing a deficit which no longer exists—and because the proceeds of the tax have gone to swell undue cash balances, or are being applied to purposes which were not contemplated by the Legislature when it sanctioned this emergent impost—such as liquidating past deficits, paying for public works extraordinary, improving the position of bank-shareholders, financing in loans to municipalities, and the like. I shall vote against this Bill because a general income-tax is inequitable and unjust as respects all incomes derived from land and rents in this country, and because I believe that an income-tax, which is theoretically defensible as respects incomes derived from public funds, professions, mercantile pursuits, and the like, cannot be administered in this country in anything like an efficient, fair, or inoppressive manner. I shall vote against the Bill because I believe that the income-tax has proved financially, morally, and politically a serious failure, because its enforcement is lowering the tone and impairing the good influences of the public services, because it is almost universally condemned by experienced official and unofficial public opinion, and is repellant to our native fellow-subjects.

"Now, my Lord, it is not easy to discuss efficiently a subject of this kind in the absence of the papers which it has pleased your Lordship to withhold, and I do not wonder that our hon'ble colleague shrinks from examination under that sore light. Further, I think that the interval of a week—a week sorely burdened with other important legislation—or ten days, has been insufficient for the examination of so extensive a matter. Why, a reply could not be had by return of post from Madras within the time.

"I will venture, *in limine*, to recall to the memory of the Council the hard things which were said, and wrong motives which were imputed to me and others of my colleagues who ventured to advise this Council against continuing the income-tax last year, but I do so merely to enable me to disavow honestly and conscientiously every unworthy motive or influence in respect to any remarks I may now venture to offer for the consideration of this Council.

"The first question which I would ask is—will this Council endorse, by deliberately reviving special and emergent direct taxation, the astonishing assertion that the revenues of India fail to evince a safe elasticity? Why, my Lord, just twelve years ago, Mr. Wilson was dealing with an income of £37 millions only, and our hon'ble colleague has had an average income of 50 millions during the last three years. We dare not, my Lord, deliberately belie the economic facts of a country whose income evinces an elasticity almost without precedent anywhere.

"My Lord, the facts disclosed by the statement to which we listened on the 6th instant prove, I think, beyond cavil, that there was nothing in the state of the finances of India during the past year which can justify the hon'ble member in having come to this Council for a law to continue an emergent and obnoxious taxation during the year that has closed. These facts likewise conclusively show that there is nothing in the prospects of the future to justify an appeal to the legislature to revive or continue this emergent legislation and taxation. The single plea for imposing or maintaining an income-tax from year to year has been that the budget of income fell short, or threatened to fall short, of the expenditure of the year. This plea was, in fact, in a great measure, lacking in the year 1870-71. It was absolutely wanting in 1871-72; and its application to the circumstances of the year before us, is, I feel, utterly indefensible.

"The upshot of the financial year 1870-71 was a surplus of 1½ millions, the whole of which was derived from the income-tax—which having been inconsiderately dealt with in the previous year, was needlessly maintained at undue rates in 1870-71. The proceeds of the income-tax in that year were 2 millions, and fully account for the surplus now proved to have existed throughout in that year. I will not go through the debits and credits of the budget-statements for 1870-71: suffice it to say that the hon'ble member failed to present the budget of income for that year within anything like its fair proportions—proportions which might very fairly have been estimated with reasonable exactness—and that *even* unbudgetted expenditure was more than met by the revenue realised—the balance being a large surplus derived, as I have remarked, from undue emergent taxation alone.

"I now come to the budget-statements of 1871-72, and the taxation which has been kept up during the past year, in consequence of the very unsatisfactory representation of the financial prospects of the year made by our hon'ble colleague.

"I earnestly warned this Council, when the discussion of the Income-Tax Bill took place last year, that the budget of income had been seriously underestimated, that the prospective needs of the public service were overstated, and that the whole budget of expenditure was disfigured by evidence of relaxed economy. I therefore conscientiously argued—in vain, I regret to think—that a continuance of the income-tax, with those inherent evils which I and others endeavoured but too feebly to describe, could not be justified. Results have verified anticipations far beyond my confident hope—the obvious deductions which I ventured to make from an examination of the budget-statements.

"The regular estimate of 1870-71 had shown an income of 51 millions (£51,048,900)—an amount which has been exceeded by the actuals. Yet the budget-estimate of income of 1871-72 was taken by the hon'ble member at 49 millions (£49,098,900)—a sum which the regular estimate for the same year (£49,976,500) now shows to have been practically an under-estimate of well-nigh one million on the income side of the account alone.

"When we come to the expenditure side of 1871-72, we find a budget-estimate for ordinary expenditure of 49½ millions (£49,500,000) while the regular estimate now shows that 47½ millions (£47,276,500) was what was really required to carry on the State services, and this outlay include such "windfalls" as the unbudgetted Looshai expedition, the Delhi camp of exercise,

&c., &c. The actual result arrived at by an under-estimate of income and an over-estimate of expenditure is a surplus which will not fall short of $2\frac{3}{4}$ millions, and may possibly, when all actuals are brought to account, reach near on 3 millions. Of this enormous surplus considerably more than a clear $\frac{3}{4}$ of a million (£824,600) accrued from the income-tax alone. Now, I ask, have these results justified the legislation of last year, or ratified the pleas under which it was instituted?

“And yet our hon’ble colleague again comes before this Council with the conclusively negated assertion that he cannot make ends meet without reviving this obnoxious, but dead, emergent impost.

“I must withhold my confidence from the hon’ble gentleman’s statement, and decline to be guided in my vote by one whose assurances have been so signally belied by results. And I do not think that this Council can again fairly endorse the only plea for reviving the income-tax, and enforce on the people the wrong conclusions which our hon’ble colleague asks us to accept. I therefore earnestly urge this Council to spare the people from a bootless revival of a tax by which, I confidently assert, they have been needlessly plagued during the past year through overweening confidence in our hon’ble colleague’s guidance; and I beg this Council not to endorse, with legislative approval, the under-estimate of income and over-estimate of expenditure which have characterised the statements of past years, nor a state of cash balances for which there is no conceivable justification.

“I think that our hon’ble colleague is wrong when he tells us that such ‘actual surpluses cannot be justly held to invalidate the policy of those special measures of taxation which were resorted to in that year;’ on the contrary, I say that they conclusively condemn alike the system followed by him in framing his budgets, and his propriety of asking the legislature to legalise special and emergent taxation both then and now.

“Our hon’ble colleague seems to hold that it is right to secure surpluses in this manner to counterbalance, as he states, the deficits of years past. In other words, he is asking this Council to revive this needless and vexatious taxation to recoup deficits of three or four years back—in fact, to pay off debts. Now, I ask, is it the deliberate intention of this Council to tax the people anew for such objects, under the plea of raising money to meet shortcomings which have no existence whatever?

“I now come to the budget-statement which the hon’ble member submits for the coming year, on the faith of which he asks this Council to revive the income-tax. As already shown, a surplus of well nigh 3 millions accrued in the year that is past. The actuals of 1870-71 show the State income to have been $51\frac{1}{2}$ millions (£51,413,685), including 2 millions of income-tax. The regular estimate of the year just closed shows that its income will not fall short of 50 millions (£49,976,000); and yet the hon’ble member asks this Council to accept a budget of income for the year before us of $48\frac{3}{4}$ millions only (£48,771,000), or $2\frac{3}{4}$ millions (£2,742,685) below the actuals of 1870-71, and $1\frac{1}{4}$ million (£1,205,500) below even the unadjusted regular estimate of the year that is closed. I confidently reject this estimate in the present state of the country and its finances and of the cash balances.

“On the side of expenditure for the ordinary State services the hon’ble member shows a budget-estimate of $48\frac{1}{2}$ millions (£48,534,000) for the year which is before us. Now, the military and the civil services of the country were fully and economically met during the year that has closed by an expenditure of $47\frac{1}{4}$ millions (£47,276,500), including the unbudgetted expenses of the Looshai expedition, the Delhi camp of exercise, &c., &c. It seems to me utterly unreasonable to ask the Council to accept such a budget at such a time, and with it the penalty of reviving the income-tax against the country. What is there, I ask, in our prospects which could justify an increased expenditure of $1\frac{1}{4}$ million over last year?

"As the result of this prospective financing operation, a small balance of £237,000 is elicited in favour of the exchequer. But the budget of income includes £570,000 as the expected proceeds of the income-tax proposed to be revived under the bill before the Council. So it is made to appear that if the Council reject this bill, there will be an apparent deficit of £333,000, utterly unreal and fabulous—as I believe—which cannot be overcome without reviving this miserable and contentious impost.

"In short, my Lord, I cannot accept the budget-statements before us as affording any justification for last year's legislation, or for reviving or enforcing exceptional and emergent taxation at this time—taxation which is in so many respects thoroughly objectionable, and in the eyes of the people odious and repulsive.

"I must now venture to trouble this Council with some remarks on the details of the budget of revenue and receipts for 1872-73.

"*Forests.*—I view, my Lord, an increase of the revenue under forests with serious jealousy and apprehension. I know not what may be taking place in the Forest Department in other parts of the country, but I confidently affirm that much—and I believe in general just—irritation is at this moment caused throughout South India amongst the rural populations in consequence of progressive and inconsiderate foreclosure, if not practical confiscation, of communal property and rights by the Forest Department, by invasion of immemorial easements and privileges, by the enforcement of licenses and revenue changes for State, not communal, purposes; by interference with village woodlands and pasture, and with the supply of fuel and manure, &c., &c., and by the disposal of firewood, in respect of which the people probably have claims, to what are practically for the present State railways, at prices for which the drain could not be replaced. The burden of these things on an agrarian population is not easily estimated, but it is great and searching. I hope the changes which have been proposed by the Madras Government may place these popular and very important interests in safer hands than they have been for some time past, and that legislation in the local Council, where the rights of the people are known, and their interests are represented, may lead to a wholesome political condition in these respects. The regulation of popular and communal rights, and the conservancy of woodlands in the interest of the country and of the people, are needed; but the thing must be done in a very different spirit from that which has prevailed hitherto. These things are not beside the subject before this Council, when the question is the needless revival of another cause of popular irritation,

"*Excise on spirits.*—I doubt also the sufficiency of the budget-estimate under excise. Allowing for the transfer of receipts for opium retailed in India, I find that our hon'ble colleague has budgetted, as appears to me, for an absolutely stationary condition of this head of revenue, if we compare the budget-estimate for 1872-73 with the regular estimate of 1871-72 and with actuals of 1870-71. The state of the country does not justify this, and I think that following the safe precedent of realized revenue in a former year, the budget-estimate of 1872-73 might safely be bettered by £10,000 or £12,000.

"*Customs.*—The next thing which I think deserves notice is customs. The actuals of 1869-70 were under 2½ millions (£2,429,000), and in 1870-71 exceeded £2,610,000, showing thus a steady and vigorous increase. The budget-estimate of 2½ millions for 1870-71 has been more than sustained by the regular estimate (notwithstanding the adverse circumstances of the year), and I think that instead of showing good grounds for the loss and stationary estimate adopted for the year which is before us, our hon'ble colleague has presented facts which justify confident expectation that the customs revenue of 1872-73 will, at all events, touch the actual of 1870-71 (*viz.* £2,610,789). The difference would add £40,000 to the budget.

"I am glad to find that no argument has been preferred by our hon'ble colleague in support of reviving the dead income-tax, on the ground of relieving

the transit duties on sugar, &c., in the North-West Provinces, or the export duties on rice in Bengal and Burma; but the thing has been alluded to in this spirit. Both duties are of course thoroughly bad as a part of our imperial fiscal system, but the claim of neither entitles them to tax the incomes of all India for their respective relief.

"I do not know much about the sugar duties in the North-West Provinces, but their indirect practical effect is of course to raise the cost of production of the article so taxed, and they may fairly enough be described as a *quasi* land-tax on the soil producing the commodity. Now, considering that the assessment on landed income and the land-tax of the North-West Provinces has recently been, or is now in course of being, very largely enhanced by a revision of settlements, it is sufficiently clear that these exceptional burdens on the land should at once be merged in that operation, and be removed altogether, in consideration of the largely increased revenue which is being obtained from an enhancement of the land-tax. At all events, the question is a local one, and has no right to consideration with reference to a general income-tax.

"As regards the rice duties in Bengal and Burma, I suppose I may at once assume that these are likewise in their incidence very much of the same nature as an additional land-tax on rice-producing land. Now, these export duties are paid almost exclusively in Bengal and Burma. I cannot say, and suppose no one can tell me, what is the average acreable land-tax on rice-land in Bengal, but no doubt it is moderate. I have, however, under my hand what enables me to calculate the average rate of assessment per acre on rice-land in Burma. It amounts to about Rs. 1-10 per acre. The rice-duties levied in that country, if transposed into an additional tax on the land on rice-lands, would raise this burden to about Rs. 2-12 per acre. Now, the average land-tax on rice-lands (excluding rice duties from consideration) in Madras is between Rs. 5 and Rs. 6 per acre, and I believe that in Bombay—I speak under correction—the average acreable rate is even higher. I need not therefore tell this Council that it would simply be preposterous to go on levying an income-tax on the people of all India generally, in order to relieve Burmese land of a comparatively light assessment, or to further relieve the still more lightly assessed rice-land of Bengal.

"*Salt*.—Sir Richard Temple has treated very lightly on the subject of salt. I observe that in 1869-70 the actual revenue was close on 6 millions (£5,889,000), and few branches of revenue were more elastic than this was up to that date. In 1870-71 there was a slight increase (£6,106,000) in revenue. The regular estimate (£5,996,200) of the year 1871-72 shows a slight decline last year, and the Hon'ble Member has now estimated for an absolutely stationary condition during the year that is before us. Now, I think that I am justified in asking the Hon'ble Member whether there are any grounds for inferring that this very unhappy result does not arise from the measures taken two years ago for greatly increasing the burden of this heavy demand on the incomes of the poor and labouring classes of the country? The imperial income has just been maintained, and no more, since the change; but the people have had much less of this necessary of life. If this be so, the financial policy of the past is emphatically to be condemned. The salt manufacture of Bengal has been transferred to Cheshire. Has this proved a wise policy?

"I have been much struck by reading the sagacious resistance of Lord Lawrence's Government to any increase of this very serious tax on the incomes, comfort, and health of the poor; and I venture to remind the Council that these are all matters which require their serious consideration while weighing the question before us—*viz.*, that of reviving the income-tax.

"*Opium*.—I venture to think that the opium-estimate for the year is likewise too low. The opium revenue has been shown by Finance Ministers who have preceded our hon'ble colleague to be an *abnormal* but by no means *precarious* or uncertain source of revenue; and the result of *my* enquiry about Bengal opium

alone shows that, with the exception of one unfavourable year, the prices realised during the last five years have been very far in excess of the budget-estimates of their respective years. In fact, the average price of the last five years is nearly Rs. 100 per chest in excess of what our hon'ble colleague has assumed in the budget for this year. Now, judging by results and the recent official reports from China, I venture to think that our hon'ble colleague has erred in repeating the oft-refuted mysteries about danger to this head of revenue, and that the year's estimate, which is nearly Rs. 200 per chest below the actuals of the last year, is assumed at an unnecessarily low rate for a time when the grave question before the Council is whether the people should be relieved from objectionable emergent taxation or not. The addition of Rs. 50 to the price of each chest would almost wipe out even the imaginary appearance of a deficit which, it is said, might be created by the rejection of this bill. Fanciful caution is out of place here.

YEAR.	PRICE ASSUMED IN BUDGET.			PRICE REALIZED.			DIFFERENCE.	
	No. of chests.	Average per chest.	Gross income.	No. of chests.	Average per chest.	Gross income.	Average (cols. 3 & 6).	Gross (cols. 4 & 7).
1	2	3	4	5	6	7	8	9
1867-68	47,250	1,150	5,43,37,500	47,999	1,332	6,39,27,309	+ 182	+ 95,89,809
1868-69	48,000	1,250	6,00,00,000	47,235	1,376	6,50,21,769	+ 126	+ 50,21,769
1869-70	43,680	1,330	5,80,94,400	45,680	1,200	5,47,82,625	- 100	- 33,11,775
1870-71	49,000	975	4,77,75,000	49,030	1,121	5,49,89,179	+ 146	+ 72,14,179
1871-72	52,470	1,075	5,64,04,000	49,695	1,390	6,89,75,308	+ 315	+ 1,25,71,308
1872-73	44,175	1,200	5,30,10,000	...	...	...	...	...

"*Stamps.*—I would next ask why, when the sources of revenue have been greatly increased by recent legislation, the stamp revenue fell off in the past year by £14,000 as compared with the actuals of the preceding year (£2,510,316), and why this head of revenue appears in the budget of next year at the lower and declining figure of £2,500,000? If this be a real and not merely an apparent falling off, the state of the country in no way whatever justifies such a very unsatisfactory and suspicious condition. These facts suggest to me that either our hon'ble colleague may, in his caution, have largely under-estimated our financial prospects, or that there is real truth in the oft-asserted and hereby much strengthened allegation, that the very largely increased burden imposed on the country, and especially on the land, by the stamp-laws recently revised with most vexatious enhancements, and by the Court Fees Act, is too great for the people to bear, and that good rights are being abandoned all over the country because their vindication is beyond the resources of the wronged. Either inference must be unsatisfactory, and I hope that the hon'ble financial member will be able to give some more satisfactory explanation of facts and things than the light historical sketch we listened to on the 6th instant. I have carefully perused former debates, and have been making enquiries about this matter, and am told that the cost of litigation, in respect to land at all events, has increased by several folds under the legislation of late years. A carefully drawn comparative memorandum which I hold in my hand shows that the increase may be as much as five to six folds above the cost of some years back. I speak under correction, but I think, however, that the incidence of this increased taxation will require very early investigation, and that the Council should not pass a taxation bill until such things are fully before them.

"*Public Works—Irrigation.*—The only other item of revenue on which I would venture to make a remark is that derived under the head of Public Works—Irrigation.

"The actual revenue derived from this source in 1869-70 was £535,000; that in 1870-71, £485,500; and the regular estimate of the year just closed shows a

decreasing revenue of £476,600. Thus we have a steadily falling revenue during three years. The budget-estimate for 1872-73 is still below the actuals of 1869-70 and of 1870-71. No wonder that the Hon'ble Sir Richard Temple remarked that 'such fallings off, notwithstanding the heavy expenditure of capital on these works, is not satisfactory.' I admit that I entertain great apprehension from the information accorded last year, that the Government of India are pledged to borrow some 50 millions to be spent in this manner, and I ask where the interest is to come from? I only trust that His Grace the Secretary of State's prohibition against laying on compulsory general 'guarantee taxation' will not be offended against, and that this is not one of the objects for desiring to maintain needless emergent taxation like the income-tax.

"On the whole, my Lord, I am thoroughly satisfied that no good ground whatever exists—considering the very prosperous condition of the country and the state of the cash balances—for estimating the income of the year which is before us at 48 $\frac{3}{4}$ millions (£48,771,000) when the average of the actuals of the last three years (including 1871-72) is 50 $\frac{3}{4}$ millions (£50,767,088). We must not, I am sure, estimate for a declining revenue when every indication justifies the reverse prospect. I cannot vote for a bill to raise the income-tax under assurances which neither fact nor fair inference justifies. Nor do I feel that we are right in endeavouring to justify in this manner, in the eyes of the tax-payers, a policy of withholding relief at such a time from an impost which can only be said to be reasonable under very serious financial difficulties.

"I will now venture to make some remarks on the expenditure side of the budget before us. In my remarks on the budget of expenditure for the last year, I noticed that the proposed additional outlay under a number of heads of civil services gave cause to fear a serious relaxation of economy; and I ventured to indicate a variety of heads under which, by persistent frugality in administration, that equilibrium which should enable the Government of India to dispense with the income-tax even last year would have been secured. I am rejoiced to find that not only was the increased expenditure budgetted for last year not, on the whole, necessary, but that the economies enforced during the year that is past have far exceeded my most sanguine hopes; for, irrespective of decrease of expenditure under the head of opium of nearly half a million, the difference between the budget-estimate of expenditure under other heads and the regular estimate shows a saving of well nigh a million of money. Now, I think that this fact reflects the highest credit on the administration of the expenditure by our hon'ble colleague during the year that is past.

"But I must demur absolutely to the following assertion of our hon'ble colleague, *viz.*, 'that these deductions are largely, if not wholly, derived from real savings of various sorts all over the country, apparently small if reckoned singly, but making up a considerable aggregate when taken collectively.' The apparent reductions are, on the contrary, in the main, I believe, attributable to over-estimate and want of sufficient foresight in retrenching budgetted expenditure. I regret to think that these errors of estimate were not sooner checked, for they went to make plausible (if they could not justify) the taxation which, as I held last year, and still believe, was being again needlessly and unwisely forced on the people.

"I think that this Council must be fully sensible of the justice of the remarks made by the Hon'ble Member in respect to the military expenditure of the year, for the budget-estimate has not been exceeded, although the Looshai campaign has been carried to a successful and honourable issue at a cost of £200,000, and the expenses of the Camp of Exercise (£40,000) have been defrayed—in all about $\frac{1}{4}$ of a million of unbudgetted expenditure—within the budget for the military services of the year that is past. No instance of a more satisfactory result is probably on record. The military budget of the ensuing year is likewise moderate.

"I trust that His Excellency the Commander-in-Chief will not think it out of place in me to remark that the branch of Her Majesty's service which he so

honourably commands is in no way responsible for the special emergent taxation of which he estimates the evils, and spares the necessity of the past or coming year. The defence of the empire and the efficiency of our armies needed no special tax last year, and call for none in the one that is before us. These things are due to the civil services and their budgets alone.

"When we come to the budget-estimate of expenditure under Civil Services, we find it breaking out all over with increased expenditure. There are 25 heads of Civil Services, and in 22 of these an increase of expenditure has been admitted and budgetted for, at a total addition of upwards of $1\frac{1}{4}$ million over the ample expenditure of the year which has closed. This obvious relaxation of economy, while special emergent taxation is plaguing the country, deserves the gravest remark. And I do not think that the Council ought to be satisfied that any sufficient reason whatever has been shown for this want of economy, or that we can fairly be asked to revive emergent taxation while objections so patent stand on the face of estimates which are put forward as a justification for such legislation.

"Upwards of £700,000—a sum which more than absorbs the whole of the estimated receipts for the income-tax for the year—appears in the budget as proposed to be laid out for the extension of the opium industry. Thus, this obnoxious tax is proposed to be kept on for a purpose absolutely alien to it, and at a time when nearly $2\frac{1}{4}$ millions have actually accrued within the last two years, mainly under the head of opium, and the cash balances amounted to 24 millions.

"My Lord, if anything like the same economy be observed in the ensuing year which marked the year that has closed, the half million of money that is sought to be raised by reviving the dead income-tax never can be needed. If it be persisted in, the tax-payers will assuredly infer from its revival—in the face of $2\frac{3}{4}$ millions surplus and enormous cash balances—that the Government of India are not minded to grant the relief they need, and are determined to spend up to any income that may be raised from them, from whatever source derived, and under whatever plea imposed.

"There is only one individual item of this expenditure to which I would draw special attention with reference to the remarks made on the subject of local taxation in the financial statement and the discussion which followed on the exposition. It is the transfer of £51,800 to Provincial Services.

"The glossy and fragmentary character of the remarks of our hon'ble colleague on the subject of local taxation were, I think, very unsatisfactory. I can only tell this Council that facts and things important beyond all compare with what the Hon'ble Member calls 'the expression of satisfaction on the part of local authorities,' are involved in these things. Local taxation has been stimulated far beyond what the Hon'ble Member wished us to understand in his exposition, and can be carried, under the laws recently passed, far beyond what has occurred in this, the first year. The matter has, indeed, a side which is absolutely the reverse of what the Hon'ble Member sketched. The Hon'ble Member has probably no complete knowledge of these things, and his heart is light about them; but I can tell him and this Council, that the people of the town and rural districts alike are dissatisfied under the increased burden of taxation which has been laid upon them by the recent financial policy of the Government.

"The Hon'ble Member has not yet communicated to the Council the total of these burdens. His attempts to sum them up in his budget statement was fragmentary and incomplete, and I believe that there is nothing more important than that this great matter should be fully before the Council before any bill for special imperial taxation is passed. No income-tax legislation should be revived until this matter is thoroughly before the Legislature.

"I venture here to recall to the memory of the Council an incident which occurred in the debate on the passing of the Panjáb Municipalities Bill. The

Hon'ble Mr. Stephen, in animadverting on the conduct of certain Members of this Council, observed that the prosperity of about 300 towns in the Panjáb was imperilled by the delay occasioned in making that measure permanent. Now, my Lord, I know with almost absolute certainty that there are not 300 cities in that province which are fit objects for municipal administration, town duties, octroi and other municipal taxes. I feel a strong impression that the local authorities may be driving, under this specious name, special 'city-taxation' among rural and possibly village communities, in the teeth of Lord Lawrence's assurance that such should not be the case, in the debate of 1857. The thing requires the careful examination of the Legislature and Government. Judging from the returns from some parts of Bombay, I believe that there, too, local authorities are in the same boat. Now, my Lord, you are aware that in Madras, with one-third more area and population than there is in the Panjáb, we have only been able to find 45 towns to which taxation of this character can with any reason be extended. Is it then to be wondered that some of us entertain a very anxious feeling in regard to taxation which has been thrown off in relief of the imperial finances, and saddled with increasing stringency and weight on local Governments and their populations? And I hope that this Council will give deep consideration to this thing before they admit the revival of harassing special and emergent taxation for imperial purposes. My Lord, I listened to the Hon'ble Member's statements, which treated so cheerfully, but so incompletely of these things, with much misgiving.

"As connected with this matter, I think that the Government was, to a certain extent, pledged to abandon at least a part of this branch of taxation when the financial policy of last year was inaugurated. The Hon'ble Mr. Laing was specially struck in 1861 by the absence of local taxation and the dependance on the Central Government which characterised Indian administration, and he first mooted the transfer of certain sources of taxation—amongst them the income-tax—with certain branches of administration, to local Governments and their populations.

"The thing was further noticed from time to time between then and 1867, when Lord Lawrence's Government imposed the license-tax, which was in fact a part of this 'income-tax in disguise.' In the debate on that tax, the Hon'ble Mr. Massey said: 'I must add that the Government, without giving a definite pledge, does not propose that this tax should form a permanent source of imperial revenue. During the first year the duties will be collected and credited like any other tax, but, in our opinion, a tax of this nature is better suited to local purposes than to the general purposes of the State. We intend therefore in another year to transfer it—modified, if experience should suggest such modifications, together with the corresponding amount of charges of a local character—to the several Governments and their administration.'

"The charges he here alluded to have been transferred with very inadequate assignments from the general fix, and the Governments have been told, in the words of Mr. Laing in 1862,—'Take what we are able to give you, and for the residue take certain powers of local taxation and raise it for yourselves.' But this branch of the imperial income-tax has not disappeared under the pledge then given, and several local Governments are at this present moment, I believe, raising a second income-tax on the same incomes for those local purposes which Lord Lawrence's Government then contemplated.

"I am inclined indeed to agree with the views expressed by His Honour the Lieutenant-Governor—as I gathered them from what fell from him last year at this time—*viz.*, that if an income-tax, in the only form in which it can be tolerated, *viz.*, on incomes other than those derived from land, can succeed at all, it might do so as a local tax administered by local Boards and local Governments. And in this form it might be tried. Indeed, I am inclined to believe that His Honour is right in surmising that these taxes are local taxes in their nature; for the immemorial income-taxes of Madras—the Martafa

and Vessabuddi—were originally a local *kāvali*, or watch-and-ward taxes, and of a purely local character.

“But this is not the question here. There can be no doubt that as an imperial tax, an income-tax in every form has proved, and must continue to prove, a failure and a blunder, and ought to be abrogated.

“My Lord, I will not weary this Council by quoting the numerous assurances and statements of former Finance Ministers and others of a distinct and authoritative kind as to the temporary and emergent character of the income-tax. They are to be met with all through the debates and public correspondences which have taken place from time to time on this branch of taxation—assurances on which doubtless former Legislatures have relied, and from which the tax-payers throughout the empire have assuredly and reasonably inferred a pledge that the income-tax shall not be continued beyond the time when real and urgent financial necessity for it exists.

“This time has fully passed, and I partake in the conviction that we are bound to abandon it forthwith. To my mind an endeavour to evade or explain away this emergent and conditional character of the income-tax is to endeavour to deny the facts, the history, and the recorded evidence of our financial policy ever since the Right Hon’ble Mr. Wilson’s time. I must vote in accordance with this my belief and faith—the faith which I feel assured is the faith of the whole country.

• “I repudiate the argument that if we relinquish the income-tax now, we cannot again resort to direct taxation or tap this “great reserve” in case of emergency. I do not think that this is the case, but be this as it may, we are bound by present obligations. Nor do I believe in the policy of keeping open a needless blister in order that we may at a more convenient time apply to the same a still severer stimulant. Let us keep faith with the country now, and when emergency again arises—if ever—let the subject be carefully and frankly dealt with on its merits. It will be again loyally accepted by the people when its need is established.

“This is the more important, as what fell from the Hon’ble Mr. Ellis in the debate of the 6th instant will, I think, be read in the country as indicating that a covered intention to make the tax permanent is really at the bottom of this attempt to revive the income-tax at this time.

“But, my Lord, the *main* objection to the revival of the late income-tax lies in the fact that it was inequitable and unfair as regards incomes derived from land. I alluded to this objection last year, and must solicit a fuller hearing now.

“Incomes and profits derived from landed property and cultivation already pay an exceedingly heavy burden of taxation throughout India—a tax more or less equal to from 30 per cent. to 60 per cent. of the whole rental or nett yield, and often more—in fact, one $\frac{1}{3}$ to $\frac{2}{3}$ of the whole property of these persons is under *quasi*-sequestration to public uses. There is, therefore, no *parity* in the condition of property or of incomes in this country, as there is in England, which *can* justify an equal demand for income-tax against all alike, including the landed interests, simply because it is right or is desired to reach the incomes of fund-holders, merchants, bankers, and professional men, or the profits of various industries, which are not directly connected with the land, and do not happen to contribute to the public exchequer.

This, of course, is *not* the place for the discussion of the principles and conditions of property, or the incidence of taxation in this country. Still the fact *remains* that its landed classes *do* already contribute very largely and most unequally to the wants of the State; and that they are subject to what may be termed a peculiar law of imperial taxation applicable to themselves and their incomes. They cannot, therefore, with fairness be taxed *over again* on the *same* incomes, on equal terms with those who now pay nothing to the State. *Nor is this* the place for the *discussion* of the *great weight* or the *inequality* of the exist-

ing burdens on the rent-roll of the country in many parts of the Empire. Suffice it to say, that both these existing considerations constitute very serious and aggravated objections against including these classes in a general income-tax. There can be no doubt that the long-continued poverty of the agricultural classes, that the persistent backwardness and slow development which have on the whole characterised the people of India, notwithstanding its genial climate, prolific soil, and industrious peasantry, are in the main due to an *exorbitant demand* of the State on the land, and to the sore gripe which the imperial tax-gatherer has long held on the very vitals of national wealth. But we inherited these evil conditions from extortionate predecessors, and have never, perhaps, been able to afford to repent. So things must stand now. But we *can* eschew, on behalf of these heavily-burdened classes, the grave errors and obvious injustice with which the dead income-tax was fraught. We *can* now let past wrongs sleep, and do right for the future.

"Now the *reiterated wrongs* of the past ten years in respect to landed incomes have been inflicted by our Financiers alone—for Indian economic science and usage has never erred here. These have clearly recognised the peculiar and exceptional position of landed property and income in India in respect to taxation.

"In the well known programme of the sources from which revenue may be drawn under the immemorial law and usage of India, which Mr. Wilson drew up, the double income-tax on the landed interests finds no place. That right hon'ble gentleman justly said that that Bill of Fare was indeed 'enough for the most needy exchequer, and for the most voracious minister,' a Bill of Fare which suggested to him the idea that (to use his own words)—'the Revenue Laws of the ancient Hindús must have been contributed to the sacred compiler (Menú) by some very needy Finance Minister of the day—' still not so greedy as to tax twice the same source! But to return to the programme, it is therein stated that 'the revenue consists of a share of grain, and of all other agricultural produce.' *** 'The following are the rates of taxation on grain:—one-twelfth, one-eighth, one-sixth, according to the soil and labor necessary to cultivate it. This may also be raised as far as one-fourth in cases of emergency.' The other landed resources of the State, enumerated in that programme, are *escheats* and *royalties* only. No imperial right to tax the agricultural incomes over again, or to assume the rights of a great landowner of the soil, are assented to by the ancient law or immemorial usage of the country. So much for the tax on land and landed incomes.

"In quite a separate category are shown *taxes* on commerce and trades, and on the incomes of mercantile and professional classes, manufacturers and the like, and the rates at which these taxes may be demanded, *viz.*, two per cent. of the income.

"There is no confusion here, my Lord, about the sources of revenue. No uncertain sound about the claims of the State on the different classes of its subjects and their property.

"How far, and at one time how cruelly, *our demand* on the land has transgressed, in most parts of India, the ancient law and usage of the country, is not the subject before us. But it *belongs* to it to state that, in South India at least, we have recognized in the main these immemorial laws and usages, and have practically ratified these principles of taxation. The heavily-taxed owners and cultivators of the soil *have* enjoyed both under Native and British rule immunity from those other *general* State taxes which have been enforced against non-agricultural classes and industries, and they have enjoyed a variety of agrarian privileges and immunities as regards sites for houses, supplies of wood, fuel, &c., services of village servants and the like, which were *not* accorded to non-agricultural classes. *These facts*, and others taken in the aggregate, indicate conclusively that the State *has* recognized that it has no further claim against these landed classes for *general Imperial* purposes. Let us not again transgress on those rights and obviously reasonable immunities.

"Mr. Wilson, it is true, committed in the first few months of his career the *error* of confounding the sources of revenue and classes of persons who might fairly be subjected to an income-tax. He was hungry and in sore distress. But his *error* was recognized and it was allowed to pass away. And succeeding Financiers and Governments declined to continue or respect it.

"Lord Lawrence's Government absolutely refused, though earnestly pressed, to do that unfair thing again in 1867 and in 1868.

"Mr. Massey said in the debate of 1867,—'that it was idle to discuss the question whether the land-holder contributes his just proportion to the needs of the State.' They already paid, he held, very largely, and could not be included in the rough income-tax (the license-tax), which Lord Lawrence's Government assented to re-impose in that year on non-agricultural classes and other industries *alone*.

"So recently as 1868, Lord Lawrence *again firmly refused* to add to the burdens of those who live by the land; and in the debate on the certificate-tax made the following pregnant remarks:—'It cannot be denied,' he said, 'that the burdens which that class bore were very high, and in fact were undeniably greater than any other class had to bear. There is no doubt,' he said, 'that the land-tax is very large; in fact, the burden in former days in many provinces *was so great* that it seriously impeded the improvement of the country by preventing the cultivation of the soil and the investment of capital in land. He (Lord Lawrence) could well recollect the day when in the Upper Provinces, in Madras, and all over India, except Bengal, our land-tax *was so high* that it had a *most serious* effect on the progress of the country and the condition of the people. That day had passed by, but nevertheless it was undeniable that even now the land revenue bore a *very large* proportion to the rent.' Lord Lawrence's words but feebly describe what I have myself witnessed in South India.

Mr. Massey, in the same debate, maintained that a general income-tax could not be imposed on the land-holders in India, because that class, he said, already pays largely. 'It is merely,' he added, 'a *war of words* to say that the land-tax is rent. The fact remains that land-holders, whose title is indefensible so long as they pay the tax, contribute 20 millions a year to our revenue.' 'It may be,' he added, 'that the land-tax is not sufficient; that those who pay it, at least under the Bengal settlement, have made a very good bargain. But it is a bargain, and we are bound by it.'

"There is an *honest ring* about these words of Lord Lawrence's Government. And they appear to me to dispose of the partial and local *plea*—curious error it seems to be—put forward for the income-tax, *viz.*, that it has at least the *virtue* of catching the Bengal *zámindárs* and taxing them, in consideration of the comparatively easy terms on which they pay land revenue. Even if this plea were sound as respects Bengal, *it cannot* justify such a tax being enforced where the 'Bengal settlement' does not obtain, *viz.*, in four-fifths of the whole Empire. Of course Lord Lawrence's and Mr. Massey's remarks had no reference to *quasi-county-rates* for local purposes; neither has the argument for which I am endeavouring to obtain a hearing.

"In short, Lord Lawrence's Government would not *hear* of any general income-tax which should include the already heavily-taxed landed incomes of the community. Were that sagacious and discriminating statesman amongst us this day, we should not, I think, be discussing the propriety of reviving this needless and dead income-tax against the heavily-taxed landed interests of the country, at a time when the revenue is in surplus and cash balances very large.

"We *are* happily again in that position, in regard to this part of the tax, in which Lord Lawrence left us. The income-tax is dead. Let it lie, and let us refuse to endorse the errors of the past, which he condemned, but which the Bill seeks to revive.

"It is a very significant and scarce credible fact that I find, in endeavouring to analyse the incidence of this branch of the late income-tax, that the *Account Department* are *absolutely ignorant* alike of the *amount* of the taxation raised by this double tax on landed incomes, and of the *number* of assesses enrolled on the Collectors' books.

"I should guess that one-third to one-half of the whole amount has been collected from the incomes of land-holders. But I fear that *no* fairly accurate conjecture can be made as to the *number* of those who pay the tax on incomes wholly or in part derived from land. But it is not a few who are offended against in this respect, and I fear, my Lord, that truth and the reality of things will, in many instances, multiply Sir Richard Temple's *units* in this respect by tens, if not by several hundreds. The land-holders of India are, there is too much reason to believe, passing down their emergent burdens and obligations to their tenants and poor cultivators with the usual aggravations and additions. The rich are here again preying on the poor and the laboring classes, and, under the cover of this detested impost, the poorest of the community are probably liquidating no insignificant part of a demand which our hon'ble colleague tells us he has always *meant* only for those who are in easy circumstances. You cannot prevent this, my Lord; you cannot protect your poor cultivators of the soil from the evils which are inherent in this form of taxation.

"But this *is not all*, my Lord! As already observed, the incomes and rent-rolls of the land-holders of the whole country are subjected to a special *rule of taxation* of *their own*. And we are at this moment acting all over India on our right to take by taxation a largely enhanced portion of the rent of the land or of the nett produce. We are now very generally re-assessing, or have very recently re-assessed, the tax on rents and on the land, with a serious enhancement of the demand throughout the country, save in Bengal. We *are* at this moment *adding* very largely to the *direct* burdens of the country, under the special conditions which apply to the land and incomes derived therefrom; there is no doubt that the demand on the land and on landed incomes is *now* being *quite sufficiently* raised in this manner already. If we now revive the dead income-tax, we shall be adding to taxation with both hands. We shall be *reducing* the incomes from land by *re-assessments* under the *land revenue rules*, with the one hand; and in addition we shall be imposing a further tax on this attenuated rent-roll by an income-tax with the other hand.

"This is not the place to enter into the consideration of the policy of thus keeping open or exciting what must sooner or later lead us up to our 'Land question' with the people of India, nor is this the time for canvassing the effect of thus absorbing a much larger share of *that improving rent-roll* of the country, on which its prosperity and advancement depend in so very serious a degree—a prosperity which needless taxation greatly impairs. Nor can we here consider the consequence of periodically causing general agrarian anxiety and uncertainty, of throwing back the advancing market value of the whole landed property of this country, and of from time to time imperilling (if not wiping out) the investment of the people's savings in the purchase or improvement of their land. But all these things are well worthy of *deep* consideration when the question before us is the justice and policy of reviving a tax on incomes which are *being* so seriously affected by the facts to which I have alluded.

Suffice it to say that in Madras, at all events, we are altering by a settlement which was commenced with a view to *reduction* and *relief*, and district by district, the more or less permanent and very heavy demand which has underlain for the last three quarters of a century the value of all land as a means of subsistence and an object for the investment of capital. This has been done, as Your Lordship knows, with great consideration by our Revenue Officers in respect to the few districts to which the new settlements have been extended. But the tide has turned, and we are now altering the value of every acre more or less to the *disadvantage* of its anxious owners, and of the value of the land in

the market. And the percentage added to the demand is simply changing the worth of (probably annihilating) *all* the investments of years, which have been made in this, almost the only object in which an agricultural population invest their savings. Can it be wondered that the people ask for rest and are anxious? Will this Council again assent to lay on, on the top of all this, the unfair and needless impost which I am earnestly pleading against?

"In Oude, in the North-Western Provinces, in the Panjáb, *everywhere*, the same process is going on or has been effected, with the same disadvantageous effects on the incomes of the landed interests, and on the value of the land. And rents are now taxed, or are soon to be taxed, at from 20 per cent. to 50 per cent. in advance of the demand which the land has hitherto borne.

"In Bombay the same has been done, or is in the course of being done.

"Why, my Lord, you have a suit pending there before the High Court of Bombay, from the facts of which I gather that all the ancient settlements which have subsisted for more than four centuries in the proprietary district of Canara are being set aside in favour of a revision of the land-tax in South Canara—settlements which in the eyes of the people at all events, and perhaps of the Madras authorities under whom the district was until 1861, have had all the sanctity of an ancient permanence which was more or less ratified to them by our early settlements in the beginning of the century, and *again* 50 years ago by the settlement locally known by the name of the Tharao settlement. A *very great* increase in the demand is apparently being laid on the incomes of the land-owners of that Province, for, from the circumstances of the case I allude to, it appears that the increased demand has much more than doubled the ancient land-tax, and the owners' incomes are reduced in that proportion. Can we lay on a revived income-tax on the burdened rent-rolls of the land-holders of districts which are being brought under enhancements of this kind? These operations of the Bombay Government carry a very serious menace against all the long customary settlement of the west coast of India, and deserve the serious consideration of the Madras Government and of the Government of India.

"In short, I maintain that a special and *sufficiently* exacting rule of assessment and of imperial taxation is applicable to the land-tax, and this assessment of taxation on the rents and incomes of land-holders of this country, and we *must confine* ourselves to *that rule* and principle, and must not inaugurate a new and inapplicable system of double taxation.

"I need scarcely say, my Lord, that I know the argument advanced in favour of the double imposition which I am contending against, *viz.*, for the income-tax on landed incomes *plus* the enhancements of land revenue which I have endeavoured so fully to describe, on the ground that the land revenue of India is not taxation but rent in the European sense of that word. I have read such assertions as that the land of India is universally 'Crown-land,' and that its Native proprietary are mere 'Crown-tenants' of the State. I may cite the ideas and use the words of Professor Fawcett, the apostle of this doctrine. That school apparently holds that we are here as conquerors who have acquired the actual ownership of the soil from our predecessors by the right of the sword, and that our Indian subjects are mere 'tenants who pay rent for *permission to cultivate* the soil; that the State exercises over it (the soil) the same rights of property as an *English landlord* exercises over his own estate. That the Government of India takes the place of individual landlords, and the cultivators of the soil *rent their land* from Government instead of from private land-holders.' In fact this school holds that India is at our feet, devoid of rights or property; that no property in the land whatever appertains to its people, and that they who till their *native soil* are the agricultural serfs of the State.

"I believe, my Lord, that these sentiments are absolutely at variance with the constitutional conditions and the agricultural history of this country, are at variance with the truth and real facts of the people's agrarian institutions and rights, and are utterly *repellant* to the just, sound, and conciliatory policy which has built up this Empire.

"The agricultural laws and usages of this country are, I believe, absolutely saturated with the principle of popular proprietary right—Oriental indeed in its character and incidents, yet ancient, real, and fondly cherished. In practice, *our treatment* of these rights has not been at variance with this immemorial condition, and our policy has in general tended to comfort these conditions. They are, of course, *quite consistent* with the demand of a moderate and fair contribution from the land-owners and their property, towards the needs of the State, as recognised by the immemorial law of the country.

"No, my Lord, the appropriated and agricultural land of South India at least is not, and never has been, as a rule, 'Crown-land.' The proprietary right of *the State* in any actual soil has been *limited to escheats and unclaimed waste*.

"*The right* which the State *has possessed* is that of imposing, what in practice became an unlimited amount of fiscal burdens; and our predecessors exercised *that right* too often to the extinction of the value of the land and practical destruction of the owner's rights. But there was, as a rule, in South India at least, no confiscation. Lord Lawrence's words inadequately pourtray what has occurred in our times in many parts of India. Happily improved prices have now relieved the land. May we not again exceed.

"The theory is, I believe, 'a mere war of words,' as was said by Mr. Massey, a mere confusion of ideas, and I should not have ventured to trouble this Council with any remarks on this matter had this thing *not* been used *here*, in my hearing, for the *disheartening* purpose of removing altogether from the list of India's burdens, the liberal and increasing contributions to imperial needs of over pounds 20 millions sterling *now* paid by the land-owners and peasant proprietary of India. Had it not been used in order to justify an assertion which I conscientiously believe to be *an error, viz.*, that instead of having been amongst the most heavily-burdened of people, our Indian subjects are the most lightly-taxed of any country under civilised Government, and that therefore the income-tax on landed incomes is justifiable, and is in fact *the only form* in which the landed interests are now made to contribute anything to the public exchequer.

"I *dissent absolutely* from this view of the matter. In many parts of the Continent, the land-tax forms, as it does here, a larger proportion of the public revenue; but this fact has never been used in support of the confiscatory doctrine which I am venturing to repudiate. The proprietary are not tenancy.

"No, my Lord, the native soil of India is the property of its rural population, and the very heavy contributions derived from the land and its proprietors are in the strictest sense of the word direct taxation in its most drastic and searching form. It is heavy enough.

"The very essence of our settlements is to ascertain the *rental*, or net profit of cultivation, and then to take, in *the form of direct taxation*, 50 per cent. of that *income* as public revenue. Our Land Revenue Collector exercises *no one* of the functions which would belong to the agent of a great State landlord. He cannot collect the rent-roll, oust a single occupant, or change a single tenure. He cannot succeed to, transfer, sell, appropriate, nor interfere with the ownership of a single acre of appropriated land. He cannot dictate a rotation of crops or meddle with the cultivation of the soil in any way. These incidences of property belong to the Native proprietary. The State can only *tax*; and it *has* used that right, with most stringent severity, in times now happily past, and still its hand is not light. Even when default is made in respect to the limited claim of the State on the land, the Collector can only realize the demand by the *sale of his debtor's* property, moveable or immoveable, and by the incarceration of the defaulter, in the same manner as any other ordinary creditor. In short, the land revenue is, I hold, heavy *direct taxation*, and *not rent*, and we cannot fairly tax—with periodical enhancement—the rent-rolls of the country by *double* direct taxation under a land revenue rule and also by an imperial income-tax, such as that which has expired.

"But, my Lord, while I hold that an income-tax, levied on already very heavily-taxed incomes derived from land, is *unjust*, and that therein the analogy of England in no way holds good in India, I freely avow that a tax on incomes derived from other property and from taxable industries is a fair and equitable impost, if the emergent necessities of the State justify recourse to a form of taxation which is, in all lands, so unfair in its incidence from moral and other causes; and is so odious, from its inquisitorial and arbitrary character, to every people of every clime and nationality.

"I fully recognize the *principle* of this form of *direct taxation*, but as a *practical question* I cannot advocate an imperial tax of this character for India. I have had lengthened experience of the administration of such taxation from its existence in certain forms in the Madras Presidency during the first twenty years of my acquaintance with that part of India; and I have extensively studied its working and its effects during the last twelve years under a variety of enactments, and I consider that taxes on such incomes are eminently unsuccessful as imperial taxes. Still what is practically an income-tax on moveable property, profits, and various industries has had a prominent place in Oriental Economic Science in all times. Among the sources of revenue enumerated in Mr. Wilson's programme of Indian taxable sources already quoted, we find 'taxes on commerce, and a very small annual imposition on petty traders and shop-keepers' * * * 'Merchants are to be taxed, it is added, on consideration of the prime cost of their commodities, the expense of their travelling and their nett profits,' and so on; and again, quoting from the words of the late Sir Walter Elliott, we read 'it (an income-tax) is an ancient tax declared to be legitimate in old Hindú books, and the verse (in Menú) which *restricts the land tax* to one-sixth of the produce, and declares two per cent. or one-fiftieth to be the proper tax on the profits of trade, and that a mere trifle should be taken from meaner persons who subsist by traffic.' There is, therefore, no doubt that taxes on such incomes are sanctioned by ancient Hindú law and usage. The *Mortupha* and *Vesabuddy* taxes of the Madras Presidency are immemorial examples of this law and usage, and it appears from the reports of the late Hon'ble Mr. Mountstuart Elphinstone (cited at page 564 of the same debate), and other information carefully collated by Mr. Wilson, that taxation of this character has found a place in the fiscal system throughout India. Every argument, therefore, that can be advanced in support of an income-tax of *this limited character*, prevails in respect to an income-tax on moveable property, mercantile profits, and industries and the like in this country.

"But there can be no question that every *moral* and *practical objection* and difficulty which finds place in Europe, America and elsewhere, in respect to the enforcement of a tax on incomes derived from such sources, is erroneously exaggerated, is far more insuperable in this country than anywhere else. Nowhere does graver truth and weight attach to the careful summing up of the practical and moral obstacles to its *enforcement* which Mr. John Stuart Mill, himself an advocate for such direct taxation, has recorded in the following pregnant paragraph of his great work.—'It is,' he says, 'to be feared, therefore, that the fairness which belongs to the principle of an income-tax cannot be made to attach to it in practice; and that the tax, while apparently the most just of all modes of raising a revenue, is in effect more unjust than many others which are *primâ facie* more objectionable. This condition would lead me to concur in the opinion which, until of late, has usually prevailed that direct taxes on incomes should be reserved as an *extraordinary resource* for great national emergency in which the necessity of a large additional revenue overrules all objections.'

This, my Lord, is I believe specially and absolutely true of India. These views are confirmed by the opinions of more than one of our Finance Ministers, and of many experienced and hon'ble gentlemen who have sat

in this Council, and I think that the opinion of the majority of officials who are competent to form a sound judgment, together with the consensus of all public opinion outside, is that an *imperial* income-tax of this kind has at all times proved financially a failure, morally an evil, and politically a blunder in this country. It was so with the Mortupha and Vesabuddy taxes in the Madras Presidency, and other instances might be cited. But new financiers will not believe that the thing has been tried over and over again in vain. I can assure your Lordship that nothing which has occurred, or which has been said or written about the income-tax of these *latter days*, can exceed in condemnatory force the facts which had occurred and truths which had been recorded in respect to our endeavours to carry out the old native income-taxes of South India in days gone by. It all applies to *the tax* under consideration, and the conclusions are strengthened and vindicated by the story of *its* administration.

“My Lord, an income-tax of the kind which I admit to be just, has failed ever since we held the country, at all events ever since we attempted to rule it without resort to native practices and fiscal torture. Our *late* income-tax has fared no better, and it was really only administered, even lamely, by the steady application of that moral torture, that fiscal thumb-screw—*arbitrary surcharge*. As it seems to me, the mere facts that we are forced to adopt what is a very high rate of income for this country, as the *minimum* below which we scarcely dare carry our assessments, and that we are forced to attach to its administration the *impossible condition* that none below the rank of a Tahsildar or Deputy Collector shall be employed in rating incomes and profits, are pregnant proofs of failure and inherent difficulties.

“As I said last year, I am perfectly willing myself to pay an income-tax at a *much higher percentage* than I did under the dead law; and I believe that every European in the country would be equally loyal, did he see the necessity. But I do not believe that *it is possible* to raise anything like a true percentage on the incomes of natives of this country which are derived from these sources, or to administer the tax with any sort of efficiency or certainty, and without resort to most objectionable practices in order to ascertain profits and estimate incomes. While a door for great and almost irrepressible irregularity on all sides is set wide open by the attempt thus to reach *results* which at best can only be insignificant and dearly bought.

“I think that it is proved beyond doubt that the income-tax is driving the people of the country into sullen antagonism with, and suspicious alienation from, the Government and its officers. Those practices for the concealment of property are reviving which were *rife* under Native Government, but *were* disappearing before a more enlightened administration when this income-tax policy was unhappily inaugurated. Even respectable and educated classes are again satisfied to put up with bad accommodation, different clothing and the outward feints of poverty. While on the other hand, falsification of accounts, bribery, corruption and evasion are resorted to in a manner which it would have been worth *ten times* the proceeds of the tax to avoid.

“My Lord, I cannot conceive how this Council can require or *expect* any one to administer effectively or *well* in this country a tax which (under schedule D) is, we know, very largely abused and evaded, even in England, which is repudiated by financiers in France, condemned by financiers in America, and by many of the best judges, wherever it is known, condemned for those very reasons, *moral, political and social*, which must even wreck such taxation in this country.

“My Lord, facts have proved beyond cavil that we cannot do so. Railing and disheartening imputations against hard-worked and honest servants of the State of all grades will *not better* things, for the evils are inherent and absolutely inseparable from imposts of this kind, tried wherever they may be.